

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): June 13, 2016

Enstar Group Limited

(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction
of incorporation)

001-33289
(Commission
File Number)

N/A
(IRS Employer
Identification No.)

**P.O. Box HM 2267, Windsor Place, 3rd Floor
22 Queen Street, Hamilton HM JX Bermuda**
(Address of principal executive offices)

N/A
(Zip Code)

Registrant's telephone number, including area code: (441) 292-3645

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

2016 Equity Incentive Plan

On June 14, 2016, Enstar Group Limited (the "Company") held its 2016 Annual General Meeting (the "Annual Meeting"). At the Annual Meeting the shareholders voted on five proposals and cast their votes as described in the items below. Included in the proposals voted upon at the Annual Meeting was the approval of the Enstar Group Limited 2016 Equity Incentive Plan (the "Equity Incentive Plan"), which was approved by shareholders and is described in Item 5.07 below. The Equity Incentive Plan had been adopted by the Company's Board of Directors (the "Board") on February 23, 2016, subject to approval by shareholders, and became effective at the conclusion of the Annual Meeting.

The Equity Incentive Plan is designed to provide stock-based awards to employees, non-employee directors, and consultants of the Company and enables us to retain and attract qualified employees, consultants, and non-employee directors by providing additional incentives through increased share ownership. The Equity Incentive Plan replaces the expiring 2006 Equity Incentive Plan (the "2006 Plan"). Any outstanding awards granted under the 2006 Plan will remain in effect pursuant to their terms.

A description of the material terms of the Equity Incentive Plan is set forth in the Company's definitive proxy statement for the Annual Meeting, which was filed with the Securities and Exchange Commission on Schedule 14A on April 29, 2016 (the "Proxy Statement"), in the section entitled "Proposal 4 — Approval of The Enstar Group Limited 2016 Equity Incentive Plan." The descriptions of the Equity Incentive Plan contained herein and in the Proxy Statement are qualified by reference to the full text of the Equity Incentive Plan, which is filed as Exhibit 10.1 to this Current Report on Form 8-K.

Appointment of Principal Accounting Officer

On June 14, 2016, the Board appointed Guy Bowker, Chief Accounting Officer, as the Principal Accounting Officer of the Company. Mr. Bowker is 38 years old and has served as the Company's Chief Accounting Officer since joining the Company on September 8, 2015. Mark Smith, Chief Financial Officer, previously served as both the Company's Principal Accounting Officer and the Principal Financial Officer; he will continue to serve as Principal Financial Officer.

From 2010 to 2015, Mr. Bowker held the role of Senior Vice President - Controller of Platinum Underwriters Holdings, Ltd. From 2007 to 2010 he was the Director of Finance for American International Group in Bermuda. He is an alumni of Deloitte's insurance practice and a member of Chartered Professional Accountants Bermuda and Chartered Accountants Australia and New Zealand. He is also a Chartered Insurer and Fellow of the Chartered Insurance Institute in the United Kingdom.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On June 13, 2016, a duly authorized committee of the Board approved the creation of a new series of preferred shares of the Company designated as Series C Participating Non-Voting Perpetual Preferred Stock ("Series C Preferred Shares"). All of the authorized Series C Preferred Shares were issued to wholly-owned subsidiaries of the Company in an internal reorganization transaction that resulted in the cancellation of all of the Series A Non-Voting Convertible Ordinary Shares of the Company ("Series A Non-Voting Shares"), which had an equivalent value and were also previously held by a wholly-owned subsidiary of the Company.

The internal reorganization had no impact on the Company's outstanding share capital as, before the reorganization, all of the issued Series A Non-Voting Shares were owned by a wholly-owned subsidiary of the Company and, after the reorganization, all of the issued Series C Preferred Shares were owned by the same wholly-owned subsidiary of the Company.

Set forth below are the material terms of the Series C Preferred Shares:

Ranking. Except as described below, the Series C Preferred Shares, with respect to dividend rights and rights on liquidation, winding up and dissolution, rank on parity with the Company's ordinary voting

and non-voting shares, and rank senior to each other class or series of share capital of the Company, unless the terms of any such class or series shall expressly provide otherwise.

Dividends. Dividends will be paid on the Series C Preferred Shares when, as and if declared on the Company's ordinary voting and non-voting shares in an amount equal to the dividend paid on the Company's ordinary voting and non-voting shares, multiplied by the applicable participation rate. The participation rate is initially set at ten (10), which is generally reflective of the reduction in the number of Series C Preferred Shares issued in exchange for the previously outstanding Series A Non-Voting Shares. The participation rate is subject to adjustment or limitation, including in the event of a share subdivision, split or combination of the Company's ordinary voting and non-voting shares. Notwithstanding the foregoing, the Series C Preferred Shares are not entitled to receive any dividends or distributions that are attributable to distributions from, or proceeds from the disposition, in whole or in part, of certain excluded entities in which the Company owns an equity interest (the "Excluded Entities"), and the amount of any distribution that would otherwise be made to the holders of the Series C Preferred Shares will be reduced by any portion of such amount that is attributable to distributions from, or proceeds from the disposition, in whole or in part, of an Excluded Entity.

Liquidation Preference. Upon liquidation, dissolution or winding up of the Company, holders of Series C Preferred Shares shall be entitled: (i) to a preference of an amount equal to \$0.001 per share with respect to the surplus assets of the Company; and (ii) thereafter to participate with the Company's voting and non-voting ordinary shares in the distribution of remaining assets. Following the payment of the preference amount, each Series C Preferred Share would be entitled to receive the same amount that is to be distributed with respect to one ordinary voting or non-voting share of the Company, multiplied by the applicable participation rate described above. Notwithstanding the foregoing, the Series C Preferred Shares are not entitled to any surplus assets of the Company attributable to an Excluded Entity, and the amount of any distribution of any surplus assets that would otherwise be made to the holders of the Series C Preferred Shares will be reduced by any portion of such amount that is attributable to an Excluded Entity.

Voting. The Series C Preferred Shares have no voting rights, except that, the Company may not, without the consent of the holders of a majority of the outstanding shares of the Series C Preferred Shares, voting as a separate class, (i) amend, alter or repeal or otherwise change any provision of the Certificate of Designations for the Series C Preferred Shares or the Company's memorandum of association or bye-laws so as to significantly and adversely affect the rights, preferences, privileges or limited voting rights of the Series C Preferred Shares, (ii) consummate a binding share exchange or reclassification involving the Series C Preferred Shares, or a merger or consolidation of the Company (except for any merger or consolidation in which the consideration paid to shareholders is entirely in cash), unless the Series C Preferred Shares remain outstanding or are converted or exchanged for a security in the surviving entity with rights, preferences and privileges which are not materially less favorable and (iii) voluntarily liquidate, dissolve or wind up the Company.

The foregoing summary of terms is subject to, and qualified in its entirety by, the Certificate of Designations of the Series C Preferred Shares, which is attached to this Current Report on Form 8-K as Exhibit 3.1 and is incorporated herein by reference.

Item 5.07. Submission of Matters to a Vote of Security Holders.

(a) As noted above, the Company held its Annual Meeting on June 14, 2016.

(b) At the Annual Meeting, the shareholders voted on the following five proposals and cast their votes as described below.

1. Proposal No. 1: Election of Class I Directors. The individuals listed below were elected to serve a term expiring at the annual general meeting of shareholders in 2019. There were a total of 1,226,340 broker non-votes with respect to each nominee.

Director	For	Against	Abstain
Robert J. Campbell	13,152,860	194,587	2,439
Paul J. O'Shea	13,292,480	54,987	2,419
Sumit Rajpal	13,169,295	177,848	2,743

2. Proposal No. 2: Advisory vote to approve executive compensation. This proposal was approved. There were a total of 1,226,340 broker non-votes on this proposal.

For	Against	Abstain
12,273,325	1,069,812	6,749

3. Proposal No. 3: Ratification of the selection of KPMG Audit Limited to act as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016 and authorization of the Board of Directors, acting through the Audit Committee, to approve the fees for the independent registered public accounting firm. This proposal was approved. There were no broker non-votes on this proposal.

For	Against	Abstain
14,544,929	18,229	13,068

4. Proposal No. 4: Vote to approve the Enstar Group Limited 2016 Equity Incentive Plan. This proposal was approved. There were a total of 1,226,340 broker non-votes on this proposal.

For	Against	Abstain
13,230,414	100,527	18,945

5. Proposal No. 5: Election of subsidiary directors identified in Proposal No. 5 of the Company's Proxy Statement. All of the individual subsidiary director nominees listed below received the same total number of votes; these vote totals are provided in the table that follows. The Company's Board of Directors will cause its corporate representative or proxy to vote the shares it holds in its subsidiaries in the same proportion as the votes received at this Annual Meeting. There were a total of 1,226,340 broker non-votes on this proposal.

For	Against	Abstain
13,337,533	4,811	7,542

Subsidiary Director Nominees:

5.1 AG Australia Holdings Limited

Nominees:

Nicholas Packer
Mark Smith
Sandra O'Sullivan
Nicholas Hall

5.2 Aligned Re Holdings Ltd.

Nominees:

Paul O'Shea
David Roche
Duncan Scott
Elizabeth DaSilva
Nicholas Packer

5.3 Aligned Re Ltd.

Nominees:

Paul O'Shea
David Roche
Duncan Scott
Elizabeth DaSilva
Nicholas Packer

5.4 Alopuc Limited

Nominees:

Derek Reid
C. Paul Thomas
Alan Turner

5.5 Alpha Insurance SA

Nominees:

Serge Wibaut
Marie-Claire Pletinckx
Alan Turner
C. Paul Thomas
Kieran Hayes
Rutger Janssens
Kim Torbeyns
Marc Gilis

5.6 Arden Reinsurance Company Ltd.

Nominees:

Paul O'Shea
Nicholas Packer
Mark Smith
David Roche
Duncan Scott
Guy Bowker

5.7 Arena SA

Nominees:

Timothy Fillingham
Richard Etridge
Marc Gilis
Eddy VanderBosch

5.8 Atrium Risk Management Services (British Columbia) Ltd.

Nominees:

Richard Harries
James Lee
Brendan Merriman
Lee Greenway
Peter Hargrave

5.9 Atrium Risk Management Services (Washington) Limited

Nominees:

Richard Harries
James Lee
Brendan Merriman
Lee Greenway
Peter Hargrave

5.10 B.H. Acquisition Limited

Nominees:

Paul O'Shea
Mark Smith
David Roche
Guy Bowker

5.11 Bantry Holdings Ltd.

Nominees:

David Roche
Duncan Scott
Guy Bowker

5.12 Blackrock Holdings Ltd.

Nominees:

David Roche
Duncan Scott
Guy Bowker

5.13 Bosworth Run-off Limited

Nominees:

Ruth McDiarmid
C. Paul Thomas
Alan Turner

5.14 Brampton Insurance Company Limited**Nominees:**

Patrick Cogavin
Max Lewis
C. Paul Thomas
Alan Turner
Steven Western

5.15 Brittany Insurance Company Ltd.**Nominees:**

Paul O'Shea
Mark Smith
David Roche
Duncan Scott
Guy Bowker

5.16 Castlewood Limited**Nominees:**

Guy Bowker
Duncan Scott
Elizabeth DaSilva

5.17 Cavell Holdings Limited**Nominees:**

Derek Reid
C. Paul Thomas
Alan Turner

5.18 Cavello Bay Holdings Limited**Nominees:**

Paul O'Shea
Mark Smith
David Roche
Duncan Scott
Guy Bowker

5.19 Cavello Bay Reinsurance Limited**Nominees:**

Paul O'Shea
Mark Smith
David Roche
Duncan Scott
Guy Bowker

5.20 Chatsworth Limited**Nominees:**

Guy Bowker
Mark Smith
David Roche
Elizabeth DaSilva
Orla Gregory

5.21 Clarendon National Insurance Company**Nominees:**

Paul Brockman
John Dore
Anna Hajek
Jennifer Miu
Thomas Nichols
Robert Redpath
Michael Sheehan
Richard Seelinger
Cindy Traczyk

5.22 Comox Holdings Ltd.**Nominees:**

Elizabeth DaSilva
David Roche
Guy Bowker
Duncan Scott

5.23 Copper Coast Funds ICAV**Nominees:**

Orla Gregory
Bary McConville
Patrick O'Sullivan
Kieran Hayes
Roger Thompson

5.24 Courtenay Holdings Ltd**Nominees:**

Mark Smith
Guy Bowker
David Roche

5.25 Cranmore (Asia) Limited**Nominees:**

Duncan Scott
Guy Bowker
Elizabeth DaSilva
David Roche

5.26 Cranmore (Asia) Pte Limited**Nominees:**

Goh Mei Xuan Michelle
Sandra O'Sullivan
Steve Norrington

5.27 Cranmore (Bermuda) Limited**Nominees:**

Guy Bowker
Duncan Scott
David Roche
Elizabeth DaSilva

5.28 Cranmore (UK) Limited

Nominees:

Desmond Allen
Philip Cooper
David Ellis
Adam Grange
Shaun Holden
Steven Norrington
C. Paul Thomas
Alan Turner

5.29 Cranmore (US) Inc.

Nominees:

Paul Brockman
Thomas Nichols
Steve Norrington

5.30 Cranmore Australia Pty Limited

Nominees:

Steve Norrington
Sandra O'Sullivan
Nicholas Hall

5.31 Cranmore Insurance and Reinsurance Management Services Europe Ltd

Nominees:

Kieran Hayes
Jason Shortt
David Ellis
Steve Norrington

5.32 Cumberland Holdings Ltd.

Nominees:

Guy Bowker
Mark Smith
David Roche
Paul O'Shea

5.33 DLCM NO. 1

Nominees:

Derek Reid
C. Paul Thomas
Alan Turner

5.34 DLCM NO. 2

Nominees:

Derek Reid
C. Paul Thomas
Alan Turner

5.35 DLCM NO. 3

Nominees:

Derek Reid
C. Paul Thomas
Alan Turner

5.36 East Point Reinsurance Company of Hong Kong Limited

Nominees:

Sandra O'Sullivan
David Roche
Orla Gregory

5.37 Eastshore Holdings Ltd.

Nominees:

Guy Bowker
Duncan Scott
David Roche
Elizabeth DaSilva

5.38 Electricity Producers Insurance Company (Bermuda) Limited

Nominees:

Paul O'Shea
Mark Smith
David Roche
Duncan Scott
Guy Bowker

5.39 Enstar (EU) Finance Limited

Nominees:

Shaun Holden
C. Paul Thomas
Alan Turner
Derek Reid

5.40 Enstar (EU) Holdings Limited

Nominees:

David Grisley
David Hackett
Shaun Holden
C. Paul Thomas
Alan Turner

5.41 Enstar (EU) Limited

Nominees:

David Atkins
David Hackett
Shaun Holden
Michael Lynagh
Derek Reid
C. Paul Thomas
Alan Turner

5.42 Enstar (EU) Services Asia Limited

Nominees:

Derek Reid
C. Paul Thomas
Alan Turner

5.43 Enstar (US) Inc.

Nominees:

Paul Brockman
Thomas Nichols
Robert Redpath

5.44 Enstar Acquisitions Limited

Nominees:

Derek Reid
C. Paul Thomas
Alan Turner

5.45 Enstar Australia Holdings Pty Limited

Nominees:

Nicholas Packer
Mark Smith
Gary Potts
Jann Skinner
Bruce Bollom

5.46 Enstar Australia Limited

Nominees:

Nicholas Packer
Mark Smith
Sandra O'Sullivan
Nicholas Hall

5.47 Enstar Brokers Limited

Nominees:

Guy Bowker
Elizabeth DaSilva
David Roche

5.48 Enstar Financial Services, Inc.

Nominees:

Cheryl Davis
Thomas Nichols

5.49 Enstar Financing Ltd.

Nominees:

Mark Smith
Guy Bowker
Duncan Scott
Elizabeth DaSilva

5.50 Enstar Group Operations, Inc.

Nominees:

Cheryl Davis
Thomas Nichols

5.51 Enstar Holdings (US) Inc.

Nominees:

Paul Brockman
Norman Brown
Thomas Nichols
Steve Norrington
Anthony Sciarra

5.52 Enstar Insurance Management Services Ireland Limited

Nominees:

Kieran Hayes
Orla Gregory
Roger Thompson

5.53 Enstar Investment Management Ltd.

Nominees:

Guy Bowker
Lothar Crofton
Roger Thompson
Orla Gregory

5.54 Enstar Life (US), Inc.

Nominees:

Kieran Hayes

5.55 Enstar Limited

Nominees:

Paul O'Shea
Mark Smith
Elizabeth DaSilva
David Roche
Orla Gregory
Guy Bowker

5.56 Enstar New York, Inc.

Nominees:

Paul Brockman
Cheryl Davis
Thomas Nichols

5.57 Enstar USA, Inc.

Nominees:

Cheryl Davis
Thomas Nichols

5.58 Fitzwilliam Insurance Limited

Nominees:

Paul O'Shea
Mark Smith
David Roche
Nicholas Packer
Guy Bowker
Duncan Scott

5.59 Flatts Limited

Nominees:

Derek Reid
C. Paul Thomas
Alan Turner

5.60 Gordian Runoff Limited

Nominees:

Nicholas Packer
Mark Smith
Gary Potts
Jann Skinner
Bruce Bollom

5.61 Goshawk Dedicated Limited

Nominees:

Derek Reid
C. Paul Thomas
Alan Turner

5.62 Goshawk Holdings (Bermuda) Limited

Nominees:

Guy Bowker
Duncan Scott
Orla Gregory
David Roche

5.63 Goshawk Insurance Holdings Limited

Nominees:

Derek Reid
C. Paul Thomas
Alan Turner

5.64 Guillamene Holdings Limited

Nominees:

Kieran Hayes
Orla Gregory
Keith Haynes

5.65 Harper Holding SARL

Nominees:

John Cassin
Nicholas Packer

5.66 Harper Insurance Limited

Nominees:

Michael Handler
Andreas Iselin
Florian Von Meiss
Nick Packer
Stefan Wehrenberg
Mark Smith

5.67 Hillcot Holdings Ltd.

Nominees:

Guy Bowker
Elizabeth DaSilva
David Roche
Duncan Scott

5.68 Hong Kong Reinsurance Company Limited

Nominees:

Sanba O'Sullivan
David Roche
Orla Gregory

5.69 Hove Holdings Limited

Nominees:

Guy Bowker
Duncan Scott
Elizabeth DaSilva
David Roche

5.70 Inter-Ocean Holdings Ltd

Nominees:

Guy Bowker
Duncan Scott
Orla Gregory

5.71 Inter-Ocean Reinsurance (Ireland) Limited

Nominees:

Orla Gregory
Kevin O'Connor

5.72 Inter-Ocean Reinsurance Company Ltd

Nominees:

Paul O'Shea
Mark Smith
Orla Gregory
Guy Bowker
Duncan Scott

5.73 Kenmare Holdings Ltd.

Nominees:

Guy Bowker
Mark Smith
David Roche
Dominic Silvester
Paul O'Shea
Nicholas Packer

5.74 Kinsale Brokers Limited

Nominees:

Shaun Holden
C. Paul Thomas
Alan Turner

5.75 Knapton Holdings Limited

Nominees:

Derek Reid
C. Paul Thomas
Alan Turner

5.76 Knapton Insurance Limited

Nominees:

Ruth McDiarmid
C. Paul Thomas
Alan Turner
Jeremy Riley

5.77 Laguna Life (UK) Limited

Nominees:

Kieran Hayes
C. Paul Thomas
Alan Turner

5.78 Laguna Life Holdings Limited

Nominees:

Guy Bowker
Mark Smith
David Roche
Paul O'Shea

5.79 Laguna Life Holdings SARL

Nominees:

John Cassin
Nicholas Packer

5.80 Laguna Life Limited

Nominees:

Kieran Hayes
Orla Gregory
C. Paul Thomas
David Allen
Alastair Nicoll

5.81 Marlon Insurance Company Limited

Nominees:

Patrick Cogavin
Gary Griffiths
C. Paul Thomas
Alan Turner
Steven Western

5.82 Mercantile Indemnity Company Limited

Nominees:

C. Paul Thomas
Alan Turner
Steven Western

5.83 New Castle Reinsurance Company Ltd

Nominees:

Paul O'Shea
Mark Smith
David Roche
Duncan Scott
Guy Bowker

5.84 North Bay Holdings Limited

Nominees:

Paul O'Shea
Nicholas Packer
Mark Smith
James Carey
Darran Baird

5.85 Northshore Holdings Limited

Nominees:

Mark Smith
Paul O'Shea
Darran Baird
James Carey
Nicholas Packer

5.86 Oceania Holdings Ltd.

Nominees:

Guy Bowker
Elizabeth DaSilva
Duncan Scott
David Roche

5.87 Overseas Reinsurance Corporation Limited

Nominees:

Paul O'Shea
Mark Smith
David Roche
Duncan Scott
Guy Bowker

5.88 Paget Holdings GmbH Limited

Nominees:

David Roche
Duncan Scott
Elizabeth DaSilva

5.89 Paladin Managed Care Services, Inc.

Nominees:

Paul Brockman
Jeffrey D. Miller
Thomas Nichols
Steve Norrington

5.90 Pavonia Life Insurance Company of New York

Nominees:

Paul Brockman
Kieran Hayes
William Latza
Thomas Nichols
Daniel O'Brien
Robert Redpath
Philip Toohey

5.91 Pavonia Holdings (US), Inc.

Nominees:

Paul Brockman
Kieran Hayes
Thomas Nichols
Robert Redpath

5.92 Pavonia Life Insurance Company of Michigan

Nominees:

Paul Brockman
Kieran Hayes
Jeanne Mitchell
Thomas Nichols
Francis Ortiz
Robert Redpath
Kristan Van Der Meer

5.93 Point Bay Insurance Limited

Nominees:

C. Paul Thomas
Phillip McDonald
Derek Patience

5.94 PointSure Insurance Services, Inc.

Nominees:

Paul Brockman
Thomas Nichols
Steve Norrington

5.95 Poseidon Insurance Co Pty Ltd

Nominees:

Nicholas Packer
Mark Smith
Gary Potts
Jann Skinner
Bruce Bollom

5.96 Providence Washington Insurance Company

Nominees:

Paul Brockman
Thomas Nichols
Teresa Reali
Robert Redpath
Richard Seelinger

5.97 Regis Agencies Limited

Nominees:

C. Paul Thomas
Alan Turner

5.98 Revir Limited

Nominees:

Guy Bowker
Elizabeth DaSilva
David Roche
Duncan Scott

5.99 River Thames Insurance Company Limited

Nominees:

Patrick Cogavin
Max Lewis
C. Paul Thomas
Alan Turner
Stever Western

5.100 Rombalds Limited

Nominees:

Derek Reid
C. Paul Thomas
Alan Turner

5.101 Rosemont Reinsurance Ltd

Nominees:

Paul O'Shea
Mark Smith
David Roche
Duncan Scott
Guy Bowker
Orla Gregory

5.102 Royston Holdings Limited

Nominees:

Guy Bowker
David Roche
Duncan Scott

5.103 Royston Run-off Limited

Nominees:

Derek Reid
C. Paul Thomas
Alan Turner

5.104 SeaBright Insurance Company

Nominees:

Paul Brockman
John Dore
Anna Hajek
Jennifer Miu
Thomas Nichols
Robert Redpath
Michael Sheehan
Richard Seelinger
Cindy Traczyk

5.105 SGL No 1 Limited

Nominees:

Richard Phinn
Mark Smith
C. Paul Thomas
Alan Turner

5.106 SGL No 3 Limited

Nominees:

Richard Phinn

5.107 Shelbourne Group Limited

Nominees:

Phillip Martin
Paul O'Shea
Nick Packer

5.108 Shelbourne Syndicate Services Limited

Nominees:

Andrew Elliott
Ewen Gilmour
Phillip Martin
Paul O'Shea
Richard Phinn
Dominic Sharp
Darren Truman

5.109 Simcoe Holdings Ltd.

Nominees:

Elizabeth DaSilva
David Roche
Guy Bowker

5.110 StarStone Corporate Capital Limited

Nominees:

Theo Wilkes
Patrick Tieman

5.111 StarStone Corporate Capital 1 Limited

Nominees:

David Message
Theo Wilkes
Demian Smith

5.112 StarStone Corporate Capital 2 Limited

Nominees:

David Message
Theo Wilkes
Demian Smith

5.113 StarStone Corporate Capital 4 Limited

Nominees:

Theo Wilkes
Demian Smith

5.114 StarStone Corporate Capital 5 Limited

Nominees:

Theo Wilkes
Demian Smith

5.115 StarStone Finance Limited

Nominees:

Patrick Tieman
Theo Wilkes
David Message

5.116 StarStone Insurance Bermuda Limited

Nominees:

Nicholas Packer
Paul O'Shea
Mark Smith
Darran Baird
James Carey
Walker Rainey
Patrick Tieman
John Shettle
Orla Gregory
Kathleen Barker
Demian Smith
David Message
Norman Brown

5.117 StarStone Insurance Europe AG

Nominees:

Michael Handler
Donat Marxer
Patrick Tiernan
Theo Wilkes

5.118 StarStone Insurance PLC

Nominees:

Timothy Fillingham
Michael Handler
David Message
Demian Smith
Patrick Tiernan
Theo Wilkes
Ian Poynton
John Wardrop
Mark Smith

5.119 StarStone Insurance Services Limited

Nominees:

Timothy Fillingham
Theo Wilkes
Richard Grainger
Mick Summersgill

5.120 StarStone National Insurance Company

Nominees:

Kathleen Barker
Paul Brockman
Norman Brown
Min Huang
Thomas Nichols
Robert Redpath
John Shettle
R. Lincoln Trimble

5.121 StarStone Specialty Holdings Limited

Nominees:

Paul O'Shea
Mark Smith
Darran Baird
James Carey
Walker Rainey
John Shettle
Orla Gregory
Norman Brown
Kathleen Barker
Demian Smith
David Message
Patrick Tiernan
Nicholas Packer

5.122 StarStone Specialty Insurance Company

Nominees:

Kathleen Barker
Paul Brockman
Norman Brown
Min Huang
Thomas Nichols
Robert Redpath
John Shettle
R. Lincoln Trimble

5.123 StarStone Underwriting Limited

Nominees:

Angela Alecock
Nigel Barton
Paul O'Shea
Demian Smith
John Wardrop
Ewen Gilmour
Patrick Tiernan
David Message
Theo Wilkes
Darren Truman
Richard Phinn

5.124 StarStone US Holdings Inc.

Nominees:

Norman Brown
Min Huang
John Shettle

5.125 StarStone US Intermediaries Inc.

Nominees:

Norman Brown
Min Huang
John Shettle
R. Lincoln Trimble

5.126 StarStone US Services

Nominees:

Norman Brown
Min Huang
John Shettle
R. Lincoln Trimble

5.127 Sundown Holdings Ltd

Nominees:

Elizabeth DaSilva
David Rocke
Guy Bowker
Duncan Scott

5.128 Sussex Holdings, Inc.

Nominees:

Paul Brockman
Thomas Nichols
Robert Redpath

5.129 Sussex Insurance Company

Nominees:

Ian Millar
Robert Redpath
Richard Seelinger
Thomas Nichols
Paul Brockman

5.130 Torus Bermuda Intermediaries Ltd.

Nominees:

Elizabeth DaSilva
Duncan Scott
Guy Bowker

5.131 Torus Bermuda Services Limited

Nominees:

Elizabeth DaSilva
Duncan Scott
Guy Bowker

5.132 Torus Business Solutions Private Ltd.

Nominees:

Mark Kern
Patrick Tiernan
Theo Wilkes

5.133 Unionamerica Acquisition Company Limited

Nominees:

Derek Reid
C. Paul Thomas
Alan Turner

5.134 Unionamerica Holdings Limited

Nominees:

Derek Reid
C. Paul Thomas
Alan Turner

5.135 Unionamerica Insurance Company Limited

Nominees:

Jeremy Riley
Ann Slade
C. Paul Thomas
Alan Turner

5.136 Vander Haeghen & Co SA

Nominees:

Roger VanderHaeghen
Bertrand VanderHaeghen
Frederic de Haan
Marc Gilis
Kim Torbeyns
Richard Etridge
Timothy Fillingham

5.137 Virginia Holdings Ltd.

Nominees:

David Rocke
Duncan Scott
Guy Bowker
Elizabeth DaSilva

Item 8.01. Other Events.

The Description of Enstar Group Limited Share Capital set forth in Exhibit 99.1 (the "Description of Share Capital") is being filed for the purpose of providing an updated description of the share capital of the Company. The Description of Share Capital is incorporated herein by reference, modifies and supersedes any prior description of the share capital of the Company in any registration statement or report filed with the Securities and Exchange Commission and will be available for incorporation by reference into certain of the Company's filings with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the rules and forms promulgated thereunder.

Item 9.01. Financial Statements and Exhibits

Exhibits

Refer to the Exhibit Index attached hereto, which is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ENSTAR GROUP LIMITED

Date: June 17, 2016

By: /s/ Mark W. Smith

Mark W. Smith

Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
3.1	Certificate of Designations of Series C Participating Non-Voting Perpetual Preferred Stock of Enstar Group Limited, dated as of June 13, 2016
10.1	Enstar Group Limited 2016 Equity Incentive Plan
99.1	Description of Enstar Group Limited Share Capital

CERTIFICATE OF DESIGNATIONS
OF
SERIES C PARTICIPATING NON-VOTING PERPETUAL PREFERRED STOCK
OF
ENSTAR GROUP LIMITED

Pursuant to Bye-Law 4.4 of the
Fourth Amended and Restated Bye-Laws
of Enstar Group Limited

The undersigned, Paul J. O'Shea, Executive Vice President and Joint Chief Operating Officer of Enstar Group Limited, a Bermuda exempted company (the "Company"), hereby certifies that, pursuant to the authority contained in Bye-Law 4.4 of its Fourth Amended and Restated Bye-Laws, a duly constituted committee of the Board of Directors, at a meeting held on June 13, 2016, approved the issuance of preference shares of par value US\$1.00 each with the rights contained in this Certificate of Designations.

RIGHTS AND PREFERENCES

Section 1. Designation.

(a) There is hereby created out of the authorized and unissued 45,000,000 preference shares of par value US\$1.00 per share a series of preferred shares designated as the "Series C Participating Non-Voting Perpetual Preferred Stock" (the "Series C Preferred Stock"). The number of shares constituting such series shall be 388,571. The par value of the Series C Preferred Stock shall be US\$1.00 per share.

(b) Notwithstanding anything to the contrary herein, the Series C Preferred Stock shall have no right to participate, directly or indirectly, in any economic rights attributable to StarStone Insurance Bermuda Limited ("SIBL"), Cavello Bay Reinsurance Limited ("Cavello Bay Re") and Aligned Re Holdings Ltd. ("Aligned Re"), and together with SIBL and Cavello Bay Re, the "Excluded Subsidiaries" and each an "Excluded Subsidiary").

Section 2. Ranking. The Series C Preferred Stock will, with respect to dividend rights and rights on liquidation, winding up and dissolution, rank (i) on a parity with the Company's ordinary shares, par value US\$1.00 per share (the "Common Shares"), the Company's non-voting convertible ordinary shares, par value US\$1.00 per share (the "Non-Voting Common Shares"), and with each other class or series of equity securities of the Company the terms of which expressly provide that such class or series will rank on parity with the Series C Preferred Stock as to dividend rights and rights on liquidation, winding-up and dissolution of the Company (collectively referred to as "Parity Securities"), except, (x) with respect to dividend and distribution rights, as provided in Section 4 hereof and (y) with respect to rights on liquidation, winding up and dissolution, as provided in Section 5 hereof, and (ii) senior to each class or series of share capital of the Company outstanding or established after the Effective Date by the Company the terms of which do not expressly provide that it ranks on a parity with or senior to the Series C Preferred Stock as to dividend rights and rights on liquidation, winding-up and dissolution of the Company (collectively referred to as "Junior Securities"). The Company has the power to authorize and/or issue additional shares or classes or series of Junior Securities or Parity Securities without the consent of the Holders.

Section 3. Definitions. The following initially capitalized terms shall have the following meanings, whether used in the singular or the plural:

(a) "Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct or cause

the direction of the management and/or policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

- (b) “Aligned Re” has the meaning set forth in Section 1(b).
- (c) “Applicable Participation Rate” means the Participation Rate in effect at any given time.
- (d) “Board of Directors” means the Board of Directors of the Company.
- (e) “Business Day” means a day, other than Saturday, Sunday or other day on which commercial banks in New York, New York or Hamilton, Bermuda are authorized or required by law or executive order to close.
- (f) “Cavello Bay Re” has the meaning set forth in Section 1(b).
- (g) “Certificate of Designations” means this Certificate of Designations of Enstar Group Limited, dated April 28, 2016.
- (h) Reserved.
- (i) “Common Shares” has the meaning set forth in Section 2.
- (j) “Company” means Enstar Group Limited, a Bermuda exempted company.
- (k) Reserved.
- (l) “Dividend Period” means the period in respect of which any dividend on any Common Share is declared by the Board of Directors or paid or any other distribution is made on or with respect to any Common Share.
- (m) “Effective Date” means the date on which shares of the Series C Preferred Stock are first issued.
- (n) “Excluded Subsidiary” has the meaning set forth in Section 1(b).
- (o) “Holder” means the Person in whose name the shares of the Series C Preferred Stock are registered, which may be treated by the Company as the absolute owner of the shares of Series C Preferred Stock for all purposes.
- (p) “Initial Holder” means the initial holder of the Series C Preferred Stock, which shall be Enstar USA, Inc., which will acquire such shares indirectly through Devonshire Holdings Limited and Devonpoint Holdings Limited.
- (q) “Junior Securities” has the meaning set forth in Section 2.
- (r) “Liquidation” has the meaning set forth in Section 5(b).
- (s) “Non-Voting Common Shares” has the meaning set forth in Section 2.
- (t) “Parity Securities” has the meaning set forth in Section 2.
- (u) “Participation Rate” means for each share of Series C Preferred Stock, ten (10) Common Shares, provided that the foregoing shall be subject to adjustment or limitation as set forth herein.
- (v) “Person” means a legal person, including any individual, company, estate, partnership, joint venture, association, joint-stock company, limited liability company or trust.

- (w) "PIK Dividend" has the meaning in Section 4(c).
- (x) "Record Date" has the meaning set forth in Section 4(b).
- (y) "Series C Preferred Stock" has the meaning set forth in Section 1(a).
- (z) "SIBL" has the meaning set forth in Section 1(b).

Section 4. Dividends.

(a) From and after the Effective Date, the Holders shall be entitled to receive, when, as and if declared by the Board of Directors or a duly authorized committee of the Board of Directors, as permitted by Section 54 of the Companies Act 1981 of Bermuda, out of funds legally available for payment, dividends of the type and in the amounts determined as set forth in this Section 4, and no more.

(b) In the event any dividend on any Common Share is declared by the Board of Directors or paid or any other distribution is made on or with respect to any Common Share, the Holder of each outstanding share of Series C Preferred Stock as of the record date established by the Board of Directors for such dividend or distribution (each, a "Record Date") shall, subject to Subsections 4(g) - (j) hereof, be entitled to receive dividends in an amount equal to the product of (x) the per share dividend or other distribution declared or paid in respect of such Common Share and (y) the Applicable Participation Rate as of the Record Date on such Common Share, such dividends to be payable on the same payment date established by the Board of Directors for the payment of such dividend or distribution on such Common Share. The Record Date for any such dividend shall be the Record Date for the applicable dividend or distribution on the Common Share, and any such dividends shall be payable to the Person in whose name the share of Series C Preferred Stock is registered at the close of business on the applicable Record Date.

(c) No dividend shall be declared or paid on any Common Shares, unless a dividend, payable in the same consideration and manner, is simultaneously declared or paid, as the case may be, on each share of Series C Preferred Stock in an amount determined as set forth above; provided that any dividend payable in the form of Common Shares shall instead be paid in the form of additional shares of Series C Preferred Stock based on the Applicable Participation Rate (a "PIK Dividend"). For purposes of this Certificate of Designations, the term "dividends" shall include any *pro rata* distribution by the Company of cash, property, securities (including, but not limited to, rights, warrants or options) or other property or assets to the holder of any Common Shares, whether or not paid out of capital, surplus or earnings, other than a distribution upon Liquidation of the Company in accordance with Section 5 hereof.

(d) The Company shall at all times reserve and keep available out of its authorized and unissued Series C Preferred Stock, the full number of shares of Series C Preferred Stock required for purposes of paying all PIK Dividends that may become payable.

(e) So long as any shares of Series C Preferred Stock remain outstanding, if all dividends payable pursuant to Section 4 on all outstanding shares of the Series C Preferred Stock for any Dividend Period have not been declared and paid, or declared and funds set aside therefor, the Company shall not (x) declare or pay dividends with respect to, or, directly or indirectly, redeem, purchase or acquire any of its Junior Securities or (y) directly or indirectly, redeem, purchase or acquire any of its Parity Securities, other than, in each case, (i) redemptions, purchases or other acquisitions of Junior Securities or Parity Securities in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants or in connection with a dividend reinvestment plan, (ii) any declaration of a dividend in connection with any stockholders' rights plan, or the issuance of rights, stock or other property under any stockholders' rights plan, or the redemption or repurchase of rights pursuant thereto, (iii) conversions or exchanges of Junior Securities or

Parity Securities for Junior Securities or Parity Securities and (iv) any purchase of fractional interests in shares of the Company's share capital pursuant to the conversion or exchange provisions of such share capital or the securities being converted or exchanged.

(f) *Reserved.*

(g) Notwithstanding the foregoing, the Holders shall not be entitled to receive any dividends or distributions that are attributable to distributions from, or proceeds from disposition, in whole or in part, of, an Excluded Subsidiary, and the amount of any distributions that would otherwise be made to the Holders under this Section 4 shall be reduced by any portion of such amount that is attributable to distributions from, or proceeds from disposition, in whole or in part, of, an Excluded Subsidiary. For purposes of this Section 4 and Section 5, a dividend or distribution is attributable to distributions from, or proceeds from disposition of, an Excluded Subsidiary if it is (x) directly traceable to distributions or proceeds from an Excluded Subsidiary or (y) traceable to an asset acquired with distributions or proceeds from an Excluded Subsidiary.

(h) In the event of any disposition, in whole or in part, of an intermediate holding company that owns, directly or indirectly, an interest in an Excluded Subsidiary, a portion of the proceeds of such a disposition, determined based on the ratio of the fair market value of the equity in the relevant Excluded Subsidiary to the fair market value of the equity of the intermediate holding company, shall be treated for purposes of this Section 4 and Section 5 as proceeds from the disposition of an Excluded Subsidiary.

(i) In the event any borrowing by the Company or an intermediate holding company (x) encumbers the equity or assets of an Excluded Subsidiary and (y) leads to a disposition of such equity or assets in satisfaction of such indebtedness, the original proceeds of such borrowing shall be re-characterized as proceeds of a disposition, in whole or in part, of the relevant Excluded Subsidiary, and assets traceable to the proceeds of such borrowing shall be treated as assets acquired with proceeds from disposition of an Excluded Subsidiary.

(j) All determinations required pursuant to Subsections 4(g) - (i) shall be made by the Board of Directors in good faith and shall be binding on all Holders absent a showing of bad faith.

*Section 5.
Liquidation.*

(a) In the event of a Liquidation, the Holders of the Series C Preferred Stock then outstanding shall be entitled (i) to a preference of US\$0.001 per share over any Common Shares or Non-Voting Common Shares with respect to the surplus assets of the Company and (ii) thereafter to the surplus assets of the Company on a pari passu basis with any Parity Securities multiplied by the Applicable Participation Rate on the date of such Liquidation; provided, that in the event of a Liquidation, the Holders of the Series C Preferred Stock shall not be entitled to any surplus assets of the Company attributable to an Excluded Subsidiary, and the amount of any distributions of surplus assets that would otherwise be made to the Holders under this Section 5 shall be reduced by any portion of such amount that is attributable to an Excluded Subsidiary, as determined by the Board of Directors in good faith. Such determination shall be binding on all Holders absent a showing of bad faith.

(b) "Liquidation" means a winding up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital; provided, that the Company's consolidation, amalgamation or merger with or into any other entity, the consolidation, amalgamation or merger of any other entity with or into the Company, or the sale of all or substantially all of the Company's property or business will not constitute a Liquidation.

Section 6. Maturity. The Series C Preferred Stock shall be perpetual.

Section 7. Reserved.

Section 8. *Reserved.*

Section 9. *Reserved.*

Section 10. *Self-Tender Offers; Rights Plan.*

(a) If the Company or any of its subsidiaries makes a tender or exchange offer to any holder of Common Shares or Non-Voting Common Shares, the Company or such subsidiary shall not be required to simultaneously make an offer on the same terms to each Holder of the shares of Series C Preferred Stock.

(b) If at any time the Company has a shareholder rights plan in effect with respect to the Common Shares or Non-Voting Common Shares, the shares of Series C Preferred Stock shall be deemed to be Common Shares or Non-Voting Common Shares, as applicable, for purposes of such plan and shall participate therein on the basis of the Applicable Participation Rate, adjusted as necessary to exclude any participation by any Holder in the Excluded Subsidiaries, as determined by the Board in good faith.

Section 11. *Anti-Dilution Adjustments.*

(a) If the Company subdivides, splits or combines the Common Shares or Non-Voting Common Shares, then the Participation Rate in effect immediately prior to the effective date of such share subdivision, split or combination will be multiplied by the following fraction:

$$\frac{OS^1}{OS_0}$$

Where,

OS^1 = the sum of Common Shares and Non-Voting Common Shares outstanding immediately after the opening of business on the effective date of such share subdivision, split or combination.

OS_0 = the sum of Common Shares and Non-Voting Common Shares outstanding immediately prior to the effective date of such share subdivision, split or combination.

For the purposes of this clause, the number of Common Shares and Non-Voting Common Shares at the time outstanding shall not include shares acquired by the Company. If any subdivision, split or combination described in this clause is announced but the outstanding Common Shares or Non-Voting Common Shares are not subdivided, split or combined, the Participation Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to subdivide, split or combine the outstanding Common Shares or Non-Voting Common Shares, as applicable, to such Participation Rate that would be in effect if such subdivision, split or combination had not been announced.

(b) Whenever the Participation Rate is to be adjusted in accordance with Section 11(a), the Company shall: (i) compute the Participation Rate in accordance with Section 11(a); (ii) as soon as practicable following the occurrence of an event that requires an adjustment to the Participation Rate pursuant to Section 11(a) (or if the Company is not aware of such occurrence, as soon as practicable after becoming so aware), provide, or cause to be provided, a written notice to the Holders of the occurrence of such event; and (iii) as soon as practicable following the determination of the revised Participation Rate in accordance with Section 11(a) hereof, provide, or cause to be provided, a written notice to the Holders setting forth in reasonable detail the method by which the adjustment to the Participation Rate was determined and setting forth the revised Participation Rate.

Section 12. *Reserved.*

Section 13. Voting Rights.

(a) General. The Holders of Series C Preferred Stock shall not have any voting rights except the limited voting rights as set forth below or as otherwise from time to time required by law.

(b) Class Voting Rights as to Particular Matters. So long as any shares of Series C Preferred Stock are outstanding, the vote or consent of the Holders of at least a majority of the Series C Preferred Stock at the time outstanding, voting as a separate class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Amendment of Designated Preferred Stock. An amendment, alteration or repeal of any provision of the Certificate of Designations for the Series C Preferred Stock or the Company's memorandum of association or bye-laws (including, unless no vote on such merger or consolidation is required by Section 13(b)(ii) below, any amendment, alteration or repeal by means of a merger, consolidation or otherwise) so as to significantly and adversely affect the rights, preferences, privileges or limited voting rights of the Series C Preferred Stock;

(ii) Share Exchanges, Reclassifications, Mergers and Consolidations. Consummation of a binding share exchange or reclassification involving the Series C Preferred Stock, or of a merger or consolidation of the Company with another corporation or other entity (except for any such merger, consolidation or amalgamation in which the consideration paid to shareholders is entirely in cash), unless in each case (x) the shares of Series C Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Company is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (y) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and limited voting rights, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and limited voting rights, and limitations and restrictions thereof, of the Series C Preferred Stock immediately prior to such consummation, taken as a whole; or

(iii) Dissolution. The voluntary liquidation, dissolution, or winding up of the Company.

Section 14. Reserved.

Section 15. Reserved.

Section 16. Replacement Certificates.

(a) The Company shall replace any mutilated certificate at the Holder's expense upon surrender of that certificate to the Company. The Company shall replace certificates that become destroyed, stolen or lost at the Holder's expense upon delivery to the Company of satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be required by the Company.

Section 17. Miscellaneous.

(a) Any notice, demand or delivery authorized hereunder shall be in writing and shall be given to the Holder or the Company, as the case may be, at its address (or facsimile number) set forth below, or such other address (or facsimile number) as shall have been furnished to the party giving or making such notice, demand or delivery:

If to the Company:

Enstar Group Limited
P.O. Box HM 2267

Windsor Place, 3rd Floor, 22 Queen Street
Facsimile No.: (441) 296-7319
Attention: Mark Smith

If to any Holder:

- (i) to such Holder at the address of such Holder as listed in the stock record books of the Company; or
- (ii) to such other address as any such Holder shall have designated by notice similarly given.

Each such notice, demand or delivery shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day. Otherwise, any such notice, demand or delivery shall be deemed not to have been received until the next succeeding Business Day.

(b) The Company shall pay any and all stock transfer and documentary stamp taxes that may be payable in respect of any issuance or delivery of shares of Series C Preferred Stock, Common Shares or other securities issued on account of Series C Preferred Stock pursuant hereto or certificates representing such shares or securities. The Company shall not, however, be required to pay any such tax that may be payable in respect of any transfer involved in the issuance or delivery of shares of Series C Preferred Stock, Common Shares or other securities in a name other than that in which the shares of Series C Preferred Stock with respect to which such shares or other securities are issued or delivered were registered, or in respect of any payment to any Person other than a payment to the registered holder thereof, and shall not be required to make any such issuance, delivery or payment unless and until the Person otherwise entitled to such issuance, delivery or payment has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid or is not payable.

(c) No share of Series C Preferred Stock shall have any rights of preemption whatsoever under this Certificate of Designations as to any securities of the Company, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated issued or granted.

(d) The shares of Series C Preferred Stock shall not have any voting powers, preferences or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein.

(e) In conducting the affairs of the Company, the Board of Directors of the Company shall take into account the interests of the Holders of the Series C Preferred Stock and shall owe the Holders of Series C Preferred Stock the same fiduciary duties owed to the holders of the Common Shares.

In Witness Whereof, Enstar Group Limited has caused this Certificate of Designations to be signed by Paul J. O'Shea, its Executive Vice President and Joint Chief Operating Officer this 13th day of June, 2016.

ENSTAR GROUP LIMITED

By: /s/ Paul J. O'Shea
Name: Paul J. O'Shea
Title: Executive Vice President and
Joint Chief Operating Officer

**[signature page to Certificate of Designations of Series C
Participating Non-Voting Perpetual Preferred Stock]**

ENSTAR GROUP LIMITED
2016 EQUITY INCENTIVE PLAN

Table of Contents

	Page
SECTION 1 - PURPOSE	1
SECTION 2 - DEFINITIONS	1
SECTION 3 - ADMINISTRATION	3
SECTION 4 - STOCK	4
SECTION 5 - GRANTING OF AWARDS	5
SECTION 6 - TERMS AND CONDITIONS OF OPTIONS	5
SECTION 7 - SRS	8
SECTION 8 - RESTRICTED STOCK	8
SECTION 9 - RSUs	9
SECTION 10 - OTHER AWARDS	11
SECTION 11 - AWARD AGREEMENTS	11
SECTION 12 - ADJUSTMENT IN CASE OF CHANGES IN COMMON SHARES	11
SECTION 13 - CHANGE IN CONTROL	12
SECTION 14 - ALTERNATIVE AWARDS	13
SECTION 15 - AMENDMENT OF THE PLAN AND OUTSTANDING AWARDS	13
SECTION 16 - TERMINATION OF PLAN; CESSATION OF ISO GRANTS	14
SECTION 17 - MISCELLANEOUS	14

**ENSTAR GROUP LIMITED
2016 EQUITY INCENTIVE PLAN**

SECTION 1 - PURPOSE

The Plan is intended to provide a means whereby the Company may, through the grant of Awards to Employees, Consultants and Non-Employee Directors, attract and retain such individuals and motivate them to exercise their best efforts on behalf of the Company and of any Related Corporation.

SECTION 2 - DEFINITIONS

The following terms, when used herein, shall have the following meanings unless otherwise required by the context:

- (a) **“Approved Retirement”** shall mean termination of a Grantee’s employment (i) on or after having met the conditions for normal or early retirement established under any defined benefit pension plan maintained by the Company or a Related Corporation and in which the Grantee participates or (ii) on or after attaining such age not less than 65 and completing such period of service, as the Committee shall determine from time to time. Notwithstanding the foregoing, the term “Approved Retirement” shall not apply to any Grantee whose employment with the Company or a Related Corporation has been terminated for Cause, whether or not such individual is deemed to be retirement eligible or is receiving retirement benefits under any defined benefit pension plan maintained by the Company or a Related Corporation and in which the Grantee participates or would otherwise satisfy the criteria set forth by the Committee as noted in the preceding sentence.
- (b) **“Award”** shall mean an ISO, NQSO, Performance Stock, PSU, SAR, Restricted Stock, RSU, Bonus Share, or Dividend Equivalents, awarded under the Plan by the Company to an Employee, a Consultant or a Non-Employee Director.
- (c) **“Award Agreement”** shall mean a written document evidencing the grant of an Award, as described in Section 11.
- (d) **“Board”** shall mean the Board of Directors of the Company.
- (e) **“Bonus Shares”** shall mean a grant of unrestricted Common Shares pursuant to Section 10(a).
- (f) **“Cause”** shall mean (a) fraud or dishonesty that results in a material injury to the Company or any Related Corporation, (b) conviction or plea of *nolo contendere* of any felony or (c) any act or omission detrimental to the conduct of the business of the Company or any Related Corporation in any way.
- (g) **“Code”** shall mean the United States Internal Revenue Code of 1986, as amended, including, for these purposes, any regulations promulgated by the Internal Revenue Service with respect to the provisions of the Code, and any successor thereto.
- (h) **“Committee”** shall mean the Compensation Committee of the Board or such other committee of the Board as the Board shall designate from time to time, which committee shall consist solely of not fewer than two directors of the Company, each of whom shall be appointed by and serve at the pleasure of the Board, and each of whom are intended to be a “Non-Employee Director” within the meaning of Rule 16b-3 of the Exchange Act, an “outside director” within the meaning of Section 162(m) of the Code and an “independent director” within the meaning of Nasdaq Marketplace Rule 4200(a)(15), or any successors thereto.
- (i) **“Common Shares”** shall mean the ordinary shares of the Company.
- (j) **“Company”** shall mean Enstar Group Limited, a Bermuda corporation.

(k) "**Consultant**" shall mean an individual who is not an Employee or a Non-Employee Director and who has entered into a consulting arrangement with the Company or a Related Corporation to provide *bona fide* services that (i) are not in connection with the offer or sale of securities in a capital-raising transaction, and (ii) do not directly or indirectly promote or maintain a market for the Company's securities.

(l) "**Covered Employee**" shall mean any Employee who is a "covered employee" within the meaning of Code section 162(m).

(m) "**Dividend Equivalents**" shall mean the right to receive an amount equal to the regular cash dividends paid by the Company upon one Common Share which is awarded to a Grantee in accordance with Section 9(e) or Section 10(b) of the Plan.

(n) "**Employee**" shall mean an officer or other employee of the Company or a Related Corporation.

(o) "**Exchange Act**" shall mean the United States Securities Exchange Act of 1934, as amended.

(p) "**Fair Market Value**" shall mean the following, arrived at by a good faith determination of the Committee:

(1) the closing price of the Common Shares on a registered securities exchange or an over-the-counter market on the applicable date; or

(2) such other method of determining fair market value that complies with Code §§422 and 409A and that is adopted by the Committee.

(q) "**Grantee**" shall mean an Employee, a Consultant or a Non-Employee Director who has been granted an Award under the Plan.

(r) "**ISO**" shall mean an Option which, at the time such Option is granted, qualifies as an incentive stock option within the meaning of Code §422 and is designated as an ISO in the applicable Award Agreement.

(s) "**Non-Employee Director**" shall mean a director of the Company who is not an Employee.

(t) "**NQSO**" shall mean an Option which, at the time such Option is granted, does not qualify as an ISO (whether or not it is designated as an ISO in the applicable Award Agreement) or is not designated an ISO in the applicable Award Agreement.

(u) "**Options**" shall mean ISOs and NQSOs which entitle the Grantee on exercise thereof to purchase Common Shares at a specified exercise price for a specified period of time.

(v) "**Performance Goals**" shall mean the goal or goals applicable to a Grantee's Performance Stock or PSUs that are deemed by the Committee to be important to the success of the Company or any of its Related Corporations. The Committee shall establish the specific measures for each applicable goal for a Performance Period in accordance with the requirements of Section 3(d) hereof. Performance Goals need not be uniform with respect to each Grantee. In creating these measures, the Committee shall use one or more of the following business criteria: revenues, profit, consolidated net after-tax profit, income from operations, return on assets, return on net assets, return on equity, return on capital, market price appreciation of Common Shares, economic value added, total shareholder return, net income, pre-tax income, earnings per share, operating profit margin, net income margin, cash flow, market share, revenue growth, net revenue growth, net income growth, expense control and hiring of personnel. The business criteria may apply to the individual, a division, or to the Company and/or one or more Related Corporations and may be weighted and expressed in absolute terms or relative to the performance of other individuals or companies or an index.

(w) "**Performance Period**" shall mean a period of at least one (1) year and not more than five (5) years, selected by the Committee during which the performance of the Company or any Related Corporation or unit thereof or any individual is measured for the purpose of determining the extent to which an Award subject to Performance Goals has been earned.

- (x) **"Performance Stock"** shall mean a type of Restricted Stock, where the lapse of restrictions is based on the actual achievement of Performance Goals.
- (y) **"Plan"** shall mean the Enstar Limited 2016 Equity Incentive Plan as set forth herein and as amended from time to time.
- (z) **"PSU"** shall mean a performance stock unit which is a type of RSU, the vesting of which is based on the actual achievement of Performance Goals.
- (aa) **"Related Corporation"** shall mean each "subsidiary corporation" of the Company, as defined in Code §424(f).
- (ab) **"Restricted Period"** shall mean the period of time during which RSUs or shares of Restricted Stock are subject to forfeiture or restrictions on transfer (if applicable) pursuant to Sections 8 and 9 of the Plan.
- (ac) **"Restricted Stock"** shall mean Common Shares subject to restrictions determined by the Committee pursuant to Section 8.
- (ad) **"RSU"** shall mean a restricted stock unit granted pursuant to Section 9.
- (ae) **"SAR"** shall mean an Award entitling the recipient on exercise to receive an amount, in cash or Common Shares or in a combination thereof (such form to be determined by the Committee at or after grant, including after exercise of the SAR), determined by reference to appreciation in the value of Common Shares.
- (af) **"Termination of Service"** shall mean (i) with respect to an Award granted to an Employee, the termination of the employment relationship between the Employee and the Company and all Related Corporations; (ii) with respect to an Award granted to a Consultant, the termination of the consulting or advisory arrangement between the Consultant and the Company and all Related Corporations; and (iii) with respect to an Award granted to a Non-Employee Director, the cessation of the provision of services as a director of the Company and all Related Corporations; provided, however, that if the Grantee's status changes from Employee, Consultant or Non-Employee Director to any other status eligible to receive an Award under the Plan, the Committee may provide that no Termination of Service occurs for purposes of the Plan until the Grantee's new status with the Company and all Related Corporations terminates. For purposes of this paragraph, if a Grantee is an Employee, Consultant or Non-Employee Director of a Related Corporation and not the Company, the Grantee shall incur a Termination of Service when such corporation ceases to be a Related Corporation, unless the Committee determines otherwise. A Termination of Service shall not be deemed to have resulted by reason of a bona fide leave of absence approved by the Committee.

SECTION 3 - ADMINISTRATION

- (a) **Power to Grant.** The Plan shall be administered by the Committee. Each member of the Committee, while serving as such, shall be deemed to be acting in his or her capacity as a director of the Company. Grantees shall be those Employees, Consultants and Non-Employee Directors designated by the affirmative action of the Committee to participate in the Plan. The Committee shall have full authority, subject to the terms of the Plan, to select the Employees, Consultants and Non-Employee Directors to be granted Awards under the Plan and the terms and conditions of any and all Awards including, but not limited to, (i) the number of Common Shares to be covered by each Award; (ii) the time or times at which Awards shall be granted; (iii) the terms and provisions of the instruments by which Options may be evidenced, including the designation of Options as ISOs or NQSOs; (iv) the determination of the period of time during which restrictions on Restricted Stock or RSUs shall remain in effect; (v) the establishment and administration of any Performance Goals and Performance Periods applicable to Awards granted under the Plan; and (vi) the development and implementation of specific stock-based programs for the Company and any Related Corporation that are consistent with the intent and specific terms of the framework created by this Plan. Appropriate officers of the Company or any Related Corporation may suggest to the Committee the Employees, Consultants and Non-Employee Directors who should receive Awards, which the Committee may accept or reject in its sole discretion. The Committee shall determine the terms and conditions of each Award at the time of grant. The Committee may establish different terms and conditions for different Grantees and for the same Grantee for each Award such Grantee may receive, whether or not granted at different times.

(b) **Rules, Interpretations and Determinations.** The Committee may correct any defect, supply any omission, and reconcile any inconsistency in the Plan and in any Award granted hereunder, in the manner and to the extent it deems desirable. The Committee also shall have the authority (1) to establish such rules and regulations, not inconsistent with the provisions of the Plan, for the proper administration of the Plan, and to amend, modify, or rescind any such rules and regulations, (2) to adopt modifications, amendments, procedures, sub-plans and the like, which may be inconsistent with the provisions of the Plan, as are necessary to comply with the laws and regulations of other countries in which the Company operates in order to assure the viability of Awards granted under the Plan to individuals in such other countries, and (3) to make such determinations and interpretations under, or in connection with, the Plan, as it deems necessary or advisable. All such rules, regulations, determinations, and interpretations shall be binding and conclusive upon the Company, its shareholders, and all Grantees, upon their respective legal representatives, beneficiaries, successors, and assigns, and upon all other persons claiming under or through any of them. The Committee's determinations under the Plan (including the determination of the Employees, Consultants and Non-Employee Directors to receive Awards, the form, amount and timing of such Awards, the terms and provisions of such Awards and the agreements hereunder) may vary, and need not be uniform, whether or not any such Employees, Consultants and Non-Employee Directors could be deemed to be similarly situated. Except as otherwise required by the by-laws of the Company or by applicable law, no member of the Board or the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Award granted under it.

(c) **409A Compliance.** The Plan is intended to be administered in a manner consistent with the requirements, where applicable, of Section 409A of the Code. Where reasonably possible and practicable, the Plan shall be administered in a manner to avoid the imposition on Employees, Consultants and Non-Employee Directors of immediate tax recognition and additional taxes pursuant to such Section 409A. To that end, and without limiting the generality of the foregoing, unless otherwise expressly provided herein or in any Award Agreement, any amount payable or shares distributable hereunder in connection with the vesting of any Award (including upon the satisfaction of any applicable performance criteria) shall be paid not later than two and one-half months (or such other time as is required to cause such amounts not to be treated as deferred compensation under Section 409A of the Code) following the end of the taxable year of the Company or the Employee, Consultant and Non-Employee Director in which the Employee's, Consultant's or Non-Employee Director's (as applicable) rights with respect to the corresponding Award (or portion thereof) ceased to be subject to a substantial risk of forfeiture. Notwithstanding the foregoing, neither the Company nor the Committee shall have any liability to any person in the event such Section 409A applies to any such Award in a manner that results in adverse tax consequences for the Employee, Consultant or Non-Employee Director or any of his beneficiaries or transferees.

(d) **Performance Based Compensation Interpretations; Limitations on Discretion.** Notwithstanding anything contained in the Plan to the contrary, to the extent the Committee has required upon grant that any Performance Stock or PSU must qualify as "other performance based compensation" within the meaning of Section 162(m)(4)(c) of the Code, the Committee shall (i) specify and approve the specific terms of any Performance Goals with respect to such Awards in writing no later than ninety (90) days from the commencement of the Performance Period to which the Performance Goal or Goals relate, and (ii) not be entitled to exercise any subsequent discretion otherwise authorized under the Plan (such as the right to authorize payout at a level above that dictated by the achievement of the relevant Performance Goals) with respect to such Award if the ability to exercise discretion (as opposed to the exercise of such discretion) would cause such Award to fail to qualify as other performance based compensation.

SECTION 4 - STOCK

Subject to any adjustment required by Section 12, the maximum aggregate number of Common Shares that may be delivered under the Plan is equal to the number of Common Shares previously reserved and not subject to an outstanding award under the Enstar Group Limited 2006 Equity Incentive Plan (the "Prior Plan") as of the Effective Date and any Common Shares that are subject to an award under the Prior Plan as of the Effective Date that expires or is cancelled, terminated, forfeited or settled in cash and would have become available for future award under the Prior Plan (which is also the maximum aggregate number of shares that may be issued under the Plan through Options, SARs, Restricted Stock, RSUs, Performance Stock, PSUs, Bonus Shares and Dividend Equivalents), subject to the following limits:

(a) The aggregate number of Common Shares subject to Options granted to a Grantee during any calendar year under the Plan shall not exceed One Hundred Twenty Thousand (120,000) shares; and

(b) The aggregate number of Common Shares subject to stock settled SARs granted to a Grantee during any calendar year under the Plan shall not exceed One Hundred Twenty Thousand (120,000) shares; and

(c) The aggregate number of Common Shares subject to Performance Stock and PSUs granted to a Grantee during any calendar year under the Plan shall not exceed One Hundred Twenty Thousand (120,000) shares.

(d) The aggregate number of Common Shares subject to Bonus Shares granted to a Grantee under the Plan shall not exceed One Hundred Twenty Thousand (120,000) shares.

(e) The aggregate number of cash-settled SARs granted to a Grantee during any calendar year under the Plan shall not exceed Three Hundred Thousand (300,000) SARs.

These limits shall be subject to adjustment, as described in Section 12. Shares delivered under the Plan may be authorized but unissued shares or reacquired shares, and the Company may purchase shares required for this purpose, from time to time, if it deems such purchase to be advisable.

Except as provided herein, if any Award expires, terminates for any reason, is cancelled, is forfeited or is settled in cash rather than Common Shares, the number of Common Shares with respect to which such Award expired, terminated, was cancelled, was forfeited or was settled in cash, shall not count toward the maximum number of Common Shares that may be issued under the Plan as set forth in this Section 4 and shall continue to be available for future Awards granted under the Plan. However, if an Option or SAR is cancelled, or a PSU is settled for cash, (i) the Common Shares covered by the cancelled Option or SAR shall be counted against the maximum number of shares specified above for Options and SARs that may be granted to a single Grantee, and (ii) the cash-settled PSU shall be counted against the maximum number of shares specified above for PSUs and Performance Stock, in each case, that may be granted to a single Grantee. In addition, the following Common Shares shall not again become available for issuance under the Plan: (i) any and all awarded Common Shares that are withheld by the Company to satisfy any tax withholding obligation, or any previously-acquired Common Shares tendered in payment of taxes relating to any Award; (ii) Common Shares that would have been issued upon exercise of an Option but for the fact that the exercise was pursuant to a "net-exercise" arrangement, (iii) Common Shares covered by a SAR that are not issued in connection with the stock settlement of the SAR upon its exercise; and (iv) Common Shares that are repurchased by the Company using Option exercise proceeds.

SECTION 5 - GRANTING OF AWARDS

The Committee may, on behalf of the Company, grant to Employees, Consultants and Non-Employee Directors such Awards as it, in its sole discretion, determines are warranted. More than one Award may be granted to an Employee, Consultant or Non-Employee Director under the Plan.

SECTION 6 - TERMS AND CONDITIONS OF OPTIONS

Subject to the provisions of Section 4, Options may be granted to Grantees at such time or times as shall be determined by the Committee. Except as otherwise provided herein, the Committee shall have complete discretion in determining the number of Options, if any, to be granted to a Grantee, except that ISOs may only be granted to Employees who satisfy the requirements for eligibility set forth under Code §424. The date of grant of an Option under the Plan will be the date on which the Option is awarded by the Committee or, if so determined by the Committee, the date on which occurs any event (including, but not limited to, the completion of an individual or corporate Performance Goal) the occurrence of which is an express condition precedent to the grant of the Option. Subject to Section 4, the Committee shall determine the number of Options, if any, to be granted to the Grantee. Each Option grant shall be evidenced by an Award Agreement that shall specify the type of Option granted and such other terms and conditions as the Committee shall determine which are not inconsistent with the provisions of the Plan. Options may be granted in tandem with SARs (as described in more detail in Section 7); provided, however, that grants of ISOs shall not be granted in tandem with any other Awards.

(a) **Number of Shares.** The Award Agreement shall state the number of Common Shares to which the Option pertains.

(b) **Exercise Price.** The Award Agreement shall state the exercise price which shall be determined and fixed by the Committee in its discretion, but the exercise price shall not be less than the higher of 100 percent

(110 percent in the case of an ISO granted to a more-than-ten-percent shareholder, as provided in subsection (i) below) of the Fair Market Value of the Common Shares subject to the Option on the date the Option is granted or the par value thereof. Except as a result of any Adjustment Event as defined in Section 12, without shareholder approval the Committee shall not have the power or authority to reduce, whether through amendment or otherwise, the exercise price of any outstanding Option or SAR nor to grant any new Options or SARs, or other Awards, including cash, in substitution for or upon the cancellation of Options or SARs previously granted which shall have the effect of reducing the exercise price of any outstanding Option or SAR.

(c) **Term.** The term of each Option shall be determined by the Committee, in its discretion; provided, however, that the term of each Option shall be not more than ten years from the date of grant (with respect to an ISO, five years in the case of a more-than-ten-percent shareholder (as provided in subsection (g) below) from the date of grant of the ISO). Each Option shall be subject to earlier termination as provided in subsections (f) below.

(d) **Exercise.** Unless the Committee shall determine otherwise at the time of grant, one-third (1/3) of each Option granted pursuant to the Plan shall become exercisable on each of the first three (3) anniversaries of the date such Option is granted; provided that: (i) no Option shall become exercisable earlier than one (1) year after the date of grant (other than as may be permitted in Section 6(h)), and (ii) the Committee may establish performance-based criteria for exercisability of any Option.

Any exercisable Option may be exercised at any time up to the expiration or termination of the Option. Exercisable Options may be exercised, in whole or in part and from time to time, by giving notice of exercise to the Company at its principal office, specifying the number of shares to be purchased and accompanied by payment in full of the aggregate exercise price for such shares (except that, in the case of an exercise arrangement approved by the Committee and described in paragraph (4) below, payment may be made as soon as practicable after the exercise). Only full shares shall be issued, and any fractional share which might otherwise be issuable upon exercise of an Option shall be forfeited.

The Committee, in its sole discretion, shall determine from the alternatives set forth in paragraphs (1) through (5) the methods by which the exercise price may be paid. To the extent an Award Agreement does not include one or more alternative, the Committee hereby specifically reserves the right to exercise its discretion to allow the Grantee to pay the exercise price using such alternative:

- (1) in cash or, if permitted by the Committee, its equivalent;
- (2) in Common Shares previously acquired by the Grantee;
- (3) in Common Shares newly acquired by the Grantee upon exercise of such Option (which shall constitute a disqualifying disposition in the case of an ISO);
- (4) by delivering a properly executed notice of exercise of the Option to the Company and a broker, with irrevocable instructions to the broker promptly to deliver to the Company the amount necessary to pay the exercise price of the Option; or
- (5) in any combination of paragraphs (1), (2), (3) and (4) above.

In the event the exercise price is paid, in whole or in part, with Common Shares, the portion of the exercise price so paid shall be equal to the aggregate Fair Market Value (determined as of the date of exercise of the Option) of the Common Shares used to pay the exercise price.

(e) **ISO Annual Limit.** The aggregate Fair Market Value (determined as of the date the ISO is granted) of the Common Shares with respect to which ISOs are exercisable for the first time by an Employee during any calendar year (counting ISOs under this Plan and under any other stock option plan of the Company or a Related Corporation) shall not exceed \$100,000. If an Option intended as an ISO is granted to an Employee and the Option may not be treated in whole or in part as an ISO pursuant to the \$100,000 limit, the Option shall be treated as an ISO to the extent it may be so treated under the limit and as an NQSO as to the remainder.

For purposes of determining whether an ISO would cause the limitation to be exceeded, ISOs shall be taken into account in the order granted.

(f) **Termination of Service.** Unless otherwise determined by the Committee at the time of grant and sets forth in the Award Agreement:

(1) **For Cause.** If a Grantee's Termination of Service occurs prior to the expiration date fixed for his or her Options for Cause, any Options granted to such Grantee that are then not yet exercised shall be forfeited at the time of such termination and shall not be exercisable thereafter and the Committee may require that such Grantee disgorge any profit, gain or other benefit received in respect of the exercise of any such Award for a period of up to twelve (12) months prior to the Grantee's Termination of Service for Cause.

(2) **Approved Retirement.** If a Grantee's Termination of Service occurs prior to the expiration date fixed for his or her Option by reason of Approved Retirement, such Option may be exercised by the Grantee at any time prior to the earlier of (i) the expiration date specified in the Award Agreement, or (ii) one year after the date of such Termination of Service. Such Option may be exercised to the extent of the number of shares with respect to which the Grantee could have exercised it on the date of such Termination of Service, or to any greater extent permitted by the Committee, and shall terminate with respect to the remaining shares.

(3) **Termination of Service for a Reason Other Than For Cause, Approved Retirement, Death or Disability.** If a Grantee's Termination of Service occurs prior to the expiration date fixed for his or her Option for any reason other than for Cause, Approved Retirement, death or disability, such Option may be exercised by the Grantee at any time prior to the earlier of (i) the expiration date specified in the Award Agreement, or (ii) three months after the date of such Termination of Service. Such Option may be exercised to the extent of the number of shares with respect to which the Grantee could have exercised it on the date of such Termination of Service, or to any greater extent permitted by the Committee, and shall terminate with respect to the remaining shares.

(4) **Disability.** If a Grantee becomes disabled (within the meaning of Code §22(e)(3)) prior to the expiration date fixed for his or her Option, and the Grantee's Termination of Service occurs as a consequence of such disability, such Option may be exercised by the Grantee at any time prior to the earlier of (i) the expiration date specified in the Award Agreement, or (ii) one year after the date of such Termination of Service. Such Option may be exercised to the extent of the number of shares with respect to which the Grantee could have exercised it on the date of such Termination of Service, or to any greater extent permitted by the Committee, and shall terminate with respect to the remaining shares. In the event of the Grantee's legal disability, such Option may be exercised by the Grantee's legal representative.

(5) **Death.** Unless otherwise determined by the Committee at the time of grant and set forth in the Award Agreement, if a Grantee's Termination of Service occurs as a result of death, prior to the expiration date fixed for his or her Option, or if the Grantee dies following his or her Termination of Service but prior to the expiration of the period determined under subsections (2), (3) or (4) above (including any extension of such period provided in the Award Agreement), such Option may be exercised by the Grantee's estate, personal representative, or beneficiary who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of the Grantee. Such post-death exercise may occur at any time prior to the earlier of (i) the expiration date specified in the Award Agreement, or (ii) one year after the date of the Grantee's death. Such Option may be exercised to the extent of the number of shares with respect to which the Grantee could have exercised it on the date of his or her death, or to any greater extent permitted by the Committee, and shall terminate with respect to the remaining shares.

(g) **More-Than-Ten-Percent Shareholder.** If, after applying the attribution rules of Code §424(d), the Grantee owns stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company or of a Related Corporation immediately before an ISO is granted to him or her, the exercise price for the ISO shall be not less than 110 percent of the Fair Market Value of the optioned Common Shares on the date the ISO is granted, and such ISO, by its terms, shall not be exercisable after the expiration of five years from the date the ISO is granted. The conditions set forth in this subsection shall not apply to NQSOs.

(h) **Exception to Minimum One (1) Year Vesting.** A combined number of Options and SARs up to a maximum of five percent (5%) of the Common Shares available for Awards under the Plan may be granted without regard to the minimum one (1) year minimum exercisability provision in Sections 6(d)(i) and 7(b)(i).

SECTION 7 - SARS

(a) **Nature of SARs.** An SAR entitles the Grantee to receive, with respect to each Common Share as to which the SAR is exercised, the excess of the share's Fair Market Value on the date of exercise over its Fair Market Value on the date the SAR was granted. Such excess shall be paid in cash, Common Shares, or a combination thereof, as determined by the Committee. SARs may be granted to any Employee, Consultant or Non-Employee Director, all Employees, Consultants or Non-Employee Directors or any class of Employees, Consultants or Non-Employee Directors at such time or times as shall be determined by the Committee. SARs may be granted in tandem with an Option or on a freestanding basis, not related to any other Award. A grant of a SAR shall be evidenced in writing, whether as part of the agreement governing the terms of the Option, if any, to which such SARs relate or pursuant to a separate Award Agreement with respect to freestanding SARs, in each case containing such provisions not inconsistent with the Plan as the Committee shall approve.

(b) **Exercise of SARs.** Unless the Committee shall determine otherwise at the time of grant, one-third (1/3) of each SAR granted pursuant to the Plan shall become exercisable on each of the first three (3) anniversaries of the date such SAR is granted; provided that: (i) no SAR shall become exercisable earlier than one (1) year after the date of grant (other than as may be permitted by Section 7(d)), and (ii) the Committee may establish performance-based criteria for exercisability of any SAR. Any exercise of an SAR must be in writing, signed by the proper person, and delivered or mailed to the Company, accompanied by any other documents required by the Committee.

(c) **Other Terms.** Unless the Committee shall otherwise determine, the terms and conditions (including, without limitation, the exercise period of the SAR, the vesting schedule applicable thereto and the impact of any termination of service on the Grantee's rights with respect to the SAR) applicable with respect to (i) SARs granted in tandem with an Option shall be substantially identical (to the extent possible taking into account the differences related to the character of the SAR) to the terms and conditions applicable to the tandem Options and (ii) freestanding SARs shall be substantially identical (to the extent possible taking into account the differences related to the character of the SAR) to the terms and conditions that would have been applicable under Section 6 were the grant of the SARs a grant of an Option. SARs that are granted in tandem with an Option may only be exercised upon the surrender of the right to exercise such Option for an equivalent number of shares and may be exercised only with respect to the shares of Stock for which the related Award is then exercisable.

(d) **Exception to Minimum One (1) Year Vesting.** A combined number of Options and SARs up to a maximum of five percent (5%) of the Shares available for Awards may be granted without regard to the minimum one (1) year minimum exercisability provision in Sections 6(d)(i) and 7(b)(i).

SECTION 8 - RESTRICTED STOCK

(a) **General Requirements.** The Committee, in its sole discretion, may make Awards to grantees of Restricted Stock. Any Award made hereunder of Restricted Stock shall be subject to the terms and conditions of the Plan and to any other terms and conditions not inconsistent with the Plan (including, but not limited to, requiring the Grantee to pay the Company an amount equal to the par value per share or such other amount for each share of Restricted Stock awarded) as shall be prescribed by the Committee in its sole discretion, either at the time of grant or thereafter. At the time Restricted Stock is granted, the Committee shall determine whether or not the Restricted Stock is Performance Stock.

(b) **Shareholder Rights.** Each Grantee who receives Restricted Stock shall have all of the rights of a shareholder with respect to such shares, subject to the restrictions set forth in subsection (c), including the right to vote the shares and receive dividends and other distributions. Any Common Shares or other securities of the Company received by a Grantee with respect to a share of Restricted Stock, as a stock dividend, or in connection with a stock split or combination, share exchange or other recapitalization, shall have the same status and be subject to the same restrictions as such Restricted Stock. Any cash dividends with respect to a Grantee's Restricted Stock shall be paid to the Grantee at the same time as such dividends are paid to other shareholders. Unless the Committee determines otherwise, certificates evidencing shares of Restricted Stock will remain in the possession of the Company until such shares are free of all restrictions under the Plan and the Grantee has satisfied any tax withholding obligations applicable to such shares.

(c) **Restrictions.** Except as otherwise specifically provided in the Plan, Restricted Stock may not be sold, assigned, transferred, pledged, or otherwise encumbered or disposed of, during the Restricted Period, except

as hereinafter provided. Notwithstanding the foregoing, the Committee may permit (on such terms and conditions as it shall establish) shares of Restricted Stock to be transferred during the Restricted Periods pursuant to Section 17(d), provided that any shares of Restricted Stock so transferred shall remain subject to the provisions of this Section 8.

(d) **Lapse of Restrictions.**

(1) **In General.** Unless the Committee shall otherwise determine at the date an Award of Restricted Stock is made to the Grantee by the Committee, the Restricted Period shall commence upon the date of grant by the Committee and shall lapse with respect to the shares of Restricted Stock on the third (3rd) anniversary of the date of grant, unless sooner terminated as otherwise provided herein. Upon the lapse of all restrictions in accordance with this subsection (d) or Section 13, Common Shares shall cease to be Restricted Stock for purposes of the Plan.

(2) **Termination of Service.** Unless the Committee shall otherwise determine at the date of grant and sets forth in the Award Agreement:

(A) **Due to Death or Disability.** In the event a Grantee experiences a Termination of Service by reason of death or disability, the Restricted Period will lapse as to the entire portion of the shares of Restricted Stock transferred or issued to such Grantee under the Plan.

(B) **Due to Cause.** In the event a Grantee experiences a Termination of Service for Cause, any Restricted Stock granted to such Grantee shall be forfeited at the time of such termination, and the Committee may require that such Grantee disgorge any profit, gain or other benefit received in respect of the lapse of restrictions on any prior grant of Restricted Stock for a period of up to twelve (12) months prior to the Grantee's Termination of Service for Cause.

(C) **Due to Any Other Reason.** In the event a Grantee experiences a Termination of Service for any other reason during the applicable vesting period, any Restricted Stock granted to such Grantee that is subject to a Restricted Period as of the date of Termination of Service shall be forfeited at the time of such termination.

(3) **Performance Stock.** With respect to Performance Stock, the Restricted Period shall lapse at the end of the applicable Performance Period to the extent the applicable Performance Goals established by the Committee for such Performance Stock have been achieved, as determined by the Committee. For any Covered Employees and to the extent the Committee intends to comply with the requirements for performance-based Awards described generally under Code section 162(m), the Committee must certify, prior to vesting of any Performance Stock, that any applicable Performance Goals and/or other requirements have been satisfied, and that such amounts are consistent with the limits provided under Section 4(c). In no event shall the Committee have discretion to increase the extent to which the restrictions applicable to Performance Stock shall lapse beyond the extent to which the Performance Goals have been satisfied. Except as provided in Section 13 or in a Grantee's employment agreement, and unless the Committee shall otherwise determine at the date of grant and sets forth in the Award Agreement, if the Grantee's Termination of Service occurs for any reason prior to the end of the Performance Period, the Grantee shall forfeit all Performance Stock granted with respect to such Performance Period.

(e) **Notice of Tax Election.** Any Grantee making an election under section 83(b) of the Code for the immediate recognition of income attributable to the award of Restricted Stock must provide a copy thereof to the Company within 10 days of the filing of such election with the United States Internal Revenue Service.

SECTION 9 - RSUs

(a) **Nature of RSUs.** An RSU entitles the Grantee to receive, with respect to each RSU that vests in accordance with subsection (c) or Section 13, one Common Share, cash equal to the Fair Market Value of a Common Share on the date of vesting, or a combination thereof as determined by the Committee and set forth in the Award Agreement. Any fractional RSU shall be payable in cash.

(b) **Grant of RSUs.** The Committee, in its sole discretion, may make Awards to Grantee of RSUs. Any Award made hereunder of Restricted Units shall be subject to the terms and conditions of the Plan and to any other terms and conditions not inconsistent with the Plan as shall be prescribed by the Committee in its sole discretion, either at the time of grant or thereafter. At the time of grant, the Committee shall determine the number of RSUs subject to the Award and whether or not the RSU is a PSU. The Company shall establish a bookkeeping account in the Grantee's name which reflects the number and type of RSUs standing to the credit of the Grantee; no shares of Common Stock shall be issued at the time an Award of RSUs is made, and the Company shall not be required to set aside a fund for the payment of such Award. A Grantee shall not have any right, in respect of Restricted Units awarded pursuant to the Plan, to vote on any matter submitted to the Company's stockholders until such time as Common Shares attributable to such Restricted Units have been issued to the Grantee.

(c) **Vesting.**

(1) **In General.** Unless the Committee shall otherwise determine at the date an Award of RSUs is made to the Grantee by the Committee, the Restricted Period shall commence upon the date of grant by the Committee and shall lapse with respect to the shares of RSUs on the third (3rd) anniversary of the date of grant, unless sooner terminated as otherwise provided herein.

(2) **Termination of Service.** Unless the Committee shall otherwise determine at the date of grant and sets forth in the Award Agreement:

(A) **Due to Death or Disability.** In the event a Grantee experiences a Termination of Service by reason of death or disability, the Restricted Period will lapse as to the entire portion of the shares of RSUs granted to such Grantee under the Plan.

(B) **Due to Cause.** In the event a Grantee experiences a Termination of Service for Cause, any RSUs granted to such Grantee shall be forfeited at the time of such termination, and the Committee may require that such Grantee disgorge any profit, gain or other benefit received in respect of the lapse of restrictions on any prior grant of RSUs for a period of up to twelve (12) months prior to the Grantee's Termination of Service for Cause.

(C) **Due to Any Other Reason.** In the event a Grantee experiences a Termination of Service for any other reason during the applicable vesting period, any RSUs granted to such Grantee that are subject to a Restricted Period as of the date of Termination of Service shall be forfeited at the time of such termination.

(3) **PSUs.** With respect to PSUs, the Restricted Period shall lapse at the end of the applicable Performance Period to the extent the applicable Performance Goals established by the Committee for such PSUs have been achieved, as determined by the Committee. For any Covered Employees and to the extent the Committee intends to comply with the requirements for performance-based Awards described generally under Code section 162(m), the Committee must certify, prior to vesting of any PSUs, that any applicable Performance Goals and/or other requirements have been satisfied, and that such amounts are consistent with the limits provided under Section 4. In no event shall the Committee have discretion to increase the extent to which the restrictions applicable to PSUs shall become payable beyond the extent to which the Performance Goals have been satisfied. Except as provided in Section 13 or in a Grantee's employment agreement that is approved by the Committee, and unless the Committee shall otherwise determine at the date of grant and sets forth in the Award Agreement, if the Grantee's Termination of Service occurs for any reason prior to the end of the Performance Period, the Grantee shall forfeit all PSUs granted with respect to such Performance Period.

(d) **Payment.** Upon the vesting of an RSU in accordance with subsection (c) or Section 13, payment, in Common Shares or cash (as applicable), shall be made on the vesting date, unless a different date is specified in the Award Agreement.

(e) **Dividend Equivalents.** The Committee, in its sole discretion, may make Awards to Grantees of Dividend Equivalents in connection with the grant of RSUs and PSUs. Unless the Committee shall otherwise determine, the terms and conditions (including, without limitation, the payment date and vesting schedule applicable thereto and the impact of any termination of service on the Grantee's rights with respect to such Dividend Equivalent) shall be substantially identical (to the extent possible taking into account the differences related to the character of the Dividend Equivalent) to the terms and conditions applicable to the associated RSU or PSU.

SECTION 10 - OTHER AWARDS

(a) **Bonus Shares.** The Committee may grant Bonus Shares under this Plan, including but not limited to awards under the Company's Annual Incentive Compensation Program. Such Bonus Shares shall be fully vested on the date made.

(b) **Dividend Equivalents.** The Committee, in its sole discretion, may make Awards to Grantees of Dividend Equivalents as a separate Award and not in connection with any other Award, except as otherwise specifically provided herein. Unless the Committee shall otherwise determine at the date an Award of Dividend Equivalents is made to the Grantee by the Committee, such Dividend Equivalents shall accumulate until the third anniversary of the date of grant, shall vest and be paid upon such third anniversary provided the Grantee has not incurred a Termination of Service prior to such date and shall thereafter prior to the earlier of the expiration date of such Award or the Grantee's Termination of Service be paid to the Grantee at the same time as the corresponding cash dividends are paid to shareholders.

SECTION 11 - AWARD AGREEMENTS

Awards granted under the Plan shall be evidenced by Award Agreements in such form as the Committee shall from time to time approve, and containing such provisions, as the Committee shall deem advisable that are not inconsistent with the provisions of the Plan.

SECTION 12 - ADJUSTMENT IN CASE OF CHANGES IN COMMON SHARES

The following shall be adjusted, as deemed appropriate by the Committee, to reflect any stock dividend, stock split, reverse stock split, split-up, spin-off, distribution, recapitalization, reorganization, merger, consolidation, dissolution, liquidation, exchange of shares, warrants or rights offering to purchase Common Shares at a price substantially below Fair Market Value, share combination or reclassification, extraordinary cash dividend or similar change in the capitalization of the Company (an "**Adjustment Event**"):

(a) The maximum number and type of shares under the limits set forth in Section 4; and

(b) The number and type of shares issuable upon exercise or vesting of outstanding Options, SARs, PSUs and RSUs under the Plan (as well as the option price per share under outstanding Options and the Fair Market Value of a share on the date an outstanding SAR was granted).

In the event any such change in capitalization cannot be reflected in a straight mathematical adjustment of the number of shares issuable upon the exercise or vesting of outstanding Options, SARs and RSUs (and a straight mathematical adjustment of the exercise price or Fair Market Value on the date of grant of a SAR), the Committee shall make such adjustments as are appropriate to reflect most nearly such straight mathematical adjustment. Such adjustments shall be made only as necessary to maintain the proportionate interest of Grantees, and preserve, without exceeding, the value of Awards.

To the extent deemed equitable and appropriate by the Committee and subject to any required action by shareholders of the Company, in any Adjustment Event that is a merger, consolidation, reorganization, liquidation, dissolution or similar transaction, any Award granted under the Plan shall be deemed to pertain to the securities and other property, including cash, to which a holder of the number of Common Shares covered by the Award would have been entitled to receive in connection with such Adjustment Event. Any shares of stock (whether Common Shares, shares of stock into which shares of Common Shares are converted or for which shares of

Common Shares are exchanged or shares of stock distributed with respect to Common Shares) or cash or other property received with respect to any Award granted under the Plan as a result of any Adjustment Event or any distribution of property shall, except as otherwise provided by the Committee, be subject to the same terms and conditions (and to the same extent) as were applicable to such Awards prior to the Adjustment Event.

SECTION 13 - CHANGE IN CONTROL

(a) **Full Vesting.** Unless determined otherwise by the Committee and subject to the provisions of Subsection 13(d) (relating to Section 409A) and Section 14 (relating to Options, SARs, Restricted Stock, and RSUs assumed or converted by an acquirer), in the event of a Change in Control, each Option and SAR then outstanding shall be fully exercisable regardless of the exercise schedule otherwise applicable to such Option and/or SAR, and the Restricted Period shall lapse as to each share of Restricted Stock and each RSU then outstanding. In connection with such a Change in Control, the Committee may, in its sole discretion, provide that each Option, SAR, Restricted Stock and/or RSU shall, upon the occurrence of such Change in Control, be cancelled in exchange for a payment per share/unit (the "**Settlement Payment**") in an amount based on the Change in Control Price. Such Settlement Payment shall be in the form of cash or other property as determined by the Committee. Notwithstanding anything in the Section to the contrary, nothing herein shall increase the extent to which an Award is vested or exercisable if the Grantee's Termination of Service occurs prior to the Change in Control.

(b) **Performance-Based Awards.** Unless determined otherwise by the Committee and subject to the provisions of Section 14, in the event of a Change in Control, (a) any outstanding Performance Stock and PSUs relating to Performance Periods ending prior to the Change in Control which have been earned but not paid shall become immediately payable, and (b) all then-in-progress Performance Periods for Performance Stock and PSUs that are outstanding shall end, and all Grantees shall be deemed to have earned an award equal to a pro-rata portion of the Grantee's target award opportunity for the Performance Period in question based on the portion of the Performance Period which has been completed as of the date of the Change in Control. The Company may, in its sole discretion and on such terms and conditions as it deems appropriate, pay all such Awards either (i) in Common Shares and/or (ii) as a Settlement Payment in cash or other property on the 30th day following such Change in Control, based on the Change in Control Price.

(c) **Definitions.**

(1) For purposes of this Plan, a "Change in Control" with respect to the Company shall mean the first to occur of any of the following events:

(A) the acquisition by any person, entity or "group" required to file a Schedule 13D or Schedule 14D-1 under the Exchange Act (excluding, for this purpose, the Company, its subsidiaries, any employee benefit plan of the Company or its subsidiaries which acquires ownership of voting securities of the Company) of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of 50% or more of either the then outstanding ordinary shares or the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors;

(B) the election or appointment to the Board, or resignation of or removal from the Board, of directors with the result that the individuals who as of the date hereof constituted the Board (the "**Incumbent Board**") no longer constitute at least a majority of the Board, provided that any person who becomes a director subsequent to the date hereof whose appointment, election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the Incumbent Board (other than an appointment, election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board; or

(C) consummation, following approval by the shareholders of the Company, of: (i) a reorganization, merger or consolidation by reason of which persons who were the shareholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of the combined voting power of the reorganized, merged or consolidated company's then outstanding voting securities entitled to vote generally in the election of directors, or (ii) a liquidation or dissolution of the Company or the sale, transfer, lease or other

disposition of all or substantially all of the assets of the Company (whether such assets are held directly or indirectly).

(2) For purposes of this Plan, "Change in Control Price" means the highest price per Common Share paid in conjunction with any transaction resulting in a Change in Control (as determined in good faith by the Committee if any part of the offered price is payable other than in cash) or, in the case of a Change in Control occurring solely by reason of a change in the composition of the Board, the highest Fair Market Value of the Common Shares on any of the 30 trading days immediately preceding the date on which a Change in Control occurs; provided that, with respect to any portion of any Option or SAR, the Change in Control Price shall not exceed the Fair Market Value of the Common Shares on the date that a Change in Control occurs.

(d) **Distribution of Amounts Subject to Section 409A.** Notwithstanding anything in the Plan to the contrary, if any amount that is subject to Section 409A of the Code is to be paid or distributed solely on account of a Change in Control (as opposed to being paid or distributed on account of Termination of Service or within a reasonable time following the lapse of any substantial risk of forfeiture with respect to the corresponding Award), solely for purposes of determining whether such distribution or payment shall be made in connection with a Change in Control, the term Change in Control shall be deemed to be defined in the same manner as a "change in control event" is defined in Section 409A of the Code and the regulations thereunder. If any such distribution or payment cannot be made because an event that constitutes a Change in Control under the Plan is not a change of control event as defined under Section 409A, then such distribution or payment shall be distributed or paid at the next event, occurrence or date specified under the Plan or Award Agreement at which such distribution or payment could be made in compliance with the requirements of Section 409A of the Code.

SECTION 14 - ALTERNATIVE AWARDS

Notwithstanding Section 13, no cancellation, acceleration of exercisability, vesting, cash settlement or other payment shall occur with respect to any Option, SAR, Restricted Stock, RSU, Performance Stock and/or PSU if the Committee reasonably determines in good faith prior to the occurrence of a Change in Control that such Award shall be honored or assumed, or new rights substituted therefore (such honored, assumed or substituted award hereinafter called an "**Alternative Award**"), by a Grantee's employer (or the parent or an affiliate of such employer) immediately following the Change in Control; provided that any such Alternative Award must:

- (a) be based on stock that is traded on an established securities market;
- (b) provide such Grantee with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Award, including, but not limited to, an identical or better exercise or vesting schedules;
- (c) have substantially equivalent value to such Award (determined at the time of the Change in Control); and
- (d) have terms and conditions which provide that in the event that the Grantee's employment is involuntarily terminated for any reason other than for Cause, all of such Grantee's Awards shall be deemed immediately and fully exercisable and/or all restrictions shall lapse, and shall be settled for a payment per each share of stock subject to the Alternative Award in cash, in immediately transferable, publicly traded securities, or in a combination thereof, in an amount equal to (i) the fair market value of such stock on the date of the Grantee's termination (with respect to any Restricted Stock, and/or RSUs), (ii) the excess of the fair market value of such stock on the date of the Grantee's termination over the corresponding exercise or base price per share, if any (with respect to any Option and/or SARs), or (iii) the Grantee's target award opportunity for the Performance Period in question (with respect to any performance-based Awards).

SECTION 15 - AMENDMENT OF THE PLAN AND OUTSTANDING AWARDS

The Board, pursuant to resolution, may at any time and from time to time amend, modify or suspend the Plan, in whole or in part, without notice to or consent of any Employee, Consultant or Non-Employee Director, provided, however, that the following amendments shall require the approval of shareholders:

- (1) a change in the class or classes of employees eligible to participate in the Plan with respect to ISOs;
- (2) except as permitted under Section 12, an increase in the maximum aggregate number of Common Shares with respect to which ISOs may be granted under the Plan;
- (3) modification of the material terms of a "performance goal," within the meaning of Treas. Reg. § 1.162-27(e)(4)(vi) or any successor thereto (to the extent compliance with section 162(m) of the Code is desired); and
- (4) any amendment for which shareholder approval is required under the rules of the exchange or market on which the Common Shares are listed or traded.

Subject to the provisions of the Plan, the Committee may amend an outstanding Award in any respect whatsoever and at any time, in whole or in part, without notice to or consent of any Grantee.

No amendment, modification or termination of the Plan or any Award shall in any manner adversely affect any Award theretofore granted under the Plan, without the consent of the Grantee, provided, however, that (i) any change pursuant to, and in accordance with the requirements of, Section 14; (ii) any acceleration of payments of amounts accrued under the Plan

by action of the Committee or by operation of the Plan's terms; or (iii) any decision by the Committee to limit participation (or other features of the Plan) prospectively under the Plan shall not be deemed to violate this provision.

SECTION 16 - TERMINATION OF PLAN; CESSATION OF ISO GRANTS

The Board, pursuant to resolution, may terminate the Plan at any time and for any reason. No Awards shall be granted hereunder after the 10th anniversary of the date the Plan becomes effective. Nothing contained in this Section, however, shall terminate or affect the continued existence of rights created under Awards granted hereunder which are outstanding on the date the Plan is terminated and which by their terms extend beyond such date.

SECTION 17 - MISCELLANEOUS

(a) **Effective Date.** This Plan shall become effective on the date the shareholders of the Company approve the Plan.

(b) **Rights.** Neither the adoption of the Plan nor any action of the Board or the Committee shall be deemed to give any individual any right to be granted an Award, or any other right hereunder, unless and until the Committee shall have granted such individual an Award, and then his or her rights shall be only such as are provided in the Award Agreement and this Plan. Notwithstanding any provisions of the Plan or the Award Agreement with an Employee, the Company and any Related Corporation shall have the right, in its discretion but subject to any employment contract entered into with the Employee, to retire the Employee at any time pursuant to its retirement rules or otherwise to terminate his or her employment at any time for any reason whatsoever, or for no reason. A Grantee shall have no rights as a shareholder with respect to any shares covered by his or her Award until the issuance of a stock certificate to him or her for such shares, except as otherwise provided under Section 8(b) (regarding Restricted Stock).

(c) **Indemnification of Board and Committee.** Without limiting any other rights of indemnification which they may have from the Company and any Related Corporation, the members of the Board and the members of the Committee shall be indemnified by the Company against all costs and expenses reasonably incurred by them

in connection with any claim, action, suit, or proceeding to which they or any of them may be a party by reason of any action taken or failure to act under, or in connection with, the Plan, or any Award granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit, or proceeding, except a judgment based upon a finding of willful misconduct or recklessness on their part. Upon the making or institution of any such claim, action, suit, or proceeding, the Board or Committee member shall notify the Company in writing, giving the Company an opportunity, at its own expense, to handle and defend the same before such Board or Committee member undertakes to handle it on his or her own behalf. The provisions of this Section shall not give members of the Board or the Committee greater rights than they would have under the Company's by-laws or Bermuda law.

(d) **Transferability; Registration.** No ISO, Restricted Stock or RSU shall be assignable or transferable by the Grantee other than by will or by the laws of descent and distribution. During the lifetime of the Grantee, an ISO shall be exercisable only by the Grantee or, in the event of the Grantee's legal disability, by the Grantee's guardian or legal representative. Except as provided in a Grantee's Award Agreement, such limits on assignment, transfer and exercise shall also apply to NQSOs and SARs. If the Grantee so requests at the time of exercise of an Option or an SAR, or at the time of grant of Restricted Stock or vesting of an RSU, the certificate(s) shall be registered in the name of the Grantee and the Grantee's spouse jointly, with right of survivorship.

(e) **Beneficiary Designation.** Each Grantee may designate the person(s) or entities as the beneficiary(ies) to whom the Grantee's Award may (subject to the provisions of the Plan) be paid in the event of the Grantee's death prior to the payment of such Award to him or her. Each beneficiary designation shall be substantially in the form determined by the Committee and shall be effective only when filed with the Committee during the Grantee's lifetime. Any beneficiary designation may be changed by a Grantee without the consent of any previously designated beneficiary or any other person or entity, unless otherwise required by law, by the filing of a new beneficiary designation with the Committee. The filing of a new beneficiary designation shall cancel all beneficiary designations previously filed. If any Grantee fails to designate a beneficiary in the manner provided above, or if the beneficiary designated by a Grantee predeceases the Grantee, the Committee may direct such Grantee's Award to be paid to the Grantee's surviving spouse or, if the Grantee has no surviving spouse, then to the Grantee's estate.

(f) **Listing and Registration of Shares.** Each Award shall be subject to the requirement that, if at any time the Committee shall determine, in its discretion, that the listing, registration, or qualification of the Common Shares covered thereby upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such Award or the purchase of Common Shares thereunder, or that action by the Company, its shareholders, or the Grantee should be taken in order to obtain an exemption from any such requirement or to continue any such listing, registration, or qualification, no such Award may be exercised, in whole or in part, and no Restricted Stock, RSU or Bonus Shares may be awarded, unless and until such listing, registration, qualification, consent, approval, or action shall have been effected, obtained, or taken under conditions acceptable to the Committee. Without limiting the generality of the foregoing, each Grantee or his or her legal representative or beneficiary may also be required to give satisfactory assurance that such person is an eligible purchaser under applicable securities laws, and that the shares purchased or granted pursuant to the Award shall be for investment purposes and not with a view to distribution; certificates representing such shares may be legended accordingly.

(g) **Withholding and Use of Shares to Satisfy Tax Obligations.** The Company and any Related Corporation shall have the right and power to deduct from all payments or distributions hereunder, or require a Grantee to remit to the Company promptly upon notification of the amount due, an amount (which may include Common Shares) to satisfy any federal, state, local or foreign taxes or other obligations required by law to be withheld with respect thereto with respect to any Award. The Company may defer payments of cash or issuance or delivery of Common Shares until such withholding requirements are satisfied. The Committee may, in its discretion, permit a Grantee to elect, subject to such conditions as the Committee shall impose, (a) to have Common Shares otherwise issuable under the Plan withheld by the Company or (b) to deliver to the Company previously acquired Common Shares (through actual tender or attestation), in either case for the greatest number of whole shares having a Fair Market Value on the date immediately preceding the date of exercise not in excess of the amount required to satisfy the withholding tax obligations.

(h) **Acquisitions.** Notwithstanding any other provision of this Plan, Awards may be granted hereunder in substitution for awards held by employees, consultants or directors of other entities who are about to, or have,

become Employees, Consultants or Non-Employee Directors as a result of a merger, consolidation, acquisition of assets or similar transaction by the Company or Related Corporation. The terms of the substitute Awards so granted may vary from the terms set forth in this Plan to such extent the Committee may deem appropriate to conform, in whole or in part, to the provisions of the awards in substitution for which they are granted; provided, however, that no substitute Award shall be granted which will subject the Award to section 409A of the Code (if it previously was not subject to such Code section).

(i) **Application of Funds.** Any cash received in payment for shares pursuant to an Award shall be added to the general funds of the Company. Any Common Shares received in payment for shares shall become treasury stock.

(j) **No Obligation to Exercise Award.** The granting of an Award shall impose no obligation upon a Grantee to exercise such Award.

(k) **Governing Law.** The Plan shall be governed by the applicable Code provisions to the maximum extent possible. Otherwise, the laws of Bermuda (without reference to principles of conflicts of laws) shall govern the operation of, and the rights of Grantees under, the Plan, and Awards granted thereunder.

(l) **Unfunded Plan.** The Plan, insofar as it provides for Awards, shall be unfunded, and the Company shall not be required to segregate any assets that may at any time be represented by Awards under the Plan. Any liability of the Company to any person with respect to any Award under this Plan shall be based solely upon any contractual obligations that may be created pursuant to the Plan. No such obligation of the Company shall be deemed to be secured by any pledge of, or other encumbrance on, any property of the Company.

(m) **No Guarantee of Participation.** Except to the extent expressly selected by the Committee to be a Grantee, no person (whether or not an Employee, Consultant, Non-Employee Director or a Grantee) shall at any time have a right to be selected for (or additional) participation in the Plan, despite having previously participated in an incentive or bonus plan of the Company or an affiliate.

(n) **No Limitation on Compensation; Scope of Liabilities.** Nothing in the Plan shall be construed to limit the right of the Company to establish other plans if and to the extent permitted by applicable law. The liability of the Company or any Related Corporation under this Plan is limited to the obligations expressly set forth in the Plan, and no term or provision of this Plan may be construed to impose any further or additional duties, obligations, or costs on the Company or any affiliate thereof or the Committee not expressly set forth in the Plan.

(o) **Requirements of Law.** The granting of Awards and the issuance of Common Shares shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(p) **No Impact On Benefits.** Except as may otherwise be specifically provided for under any employee benefit plan, policy or program provision to the contrary, Awards shall not be treated as compensation for purposes of calculating an Employee's right under any such plan, policy or program.

(q) **No Constraint on Corporate Action.** Except as provided in Section 15, nothing contained in this Plan shall be construed to prevent the Company or any Related Corporation, from taking any corporate action (including, but not limited to, the Company's right or power to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets) which is deemed by it to be appropriate, or in its best interest, whether or not such action would have an adverse effect on this Plan, or any Awards made under this Plan. No Employee, beneficiary, or other person, shall have any claim against the Company, or any Related Corporation, as a result of any such action.

(r) **Distribution of Amounts Subject to Section 409A.** Notwithstanding anything in the Plan to the contrary, if any amount that is subject to Section 409A of the Code is to be paid or distributed solely on account of a Change in Control (as opposed to being paid or distributed on account of Termination of Service or within a reasonable time following the lapse of any substantial risk of forfeiture with respect to the corresponding Award), solely for purposes of determining whether such distribution or payment shall be made in connection with a Change in Control, the term Change in Control shall be deemed to be defined in the same manner as a "change in control event" is defined in Section 409A of the Code and the regulations thereunder. If any such distribution or payment

cannot be made because an event that constitutes a Change in Control under the Plan is not a change of control event as defined under Section 409A, then such distribution or payment shall be distributed or paid at the next event, occurrence or date specified under the Plan or Award Agreement at which such distribution or payment could be made in compliance with the requirements of Section 409A of the Code.

DESCRIPTION OF ENSTAR GROUP LIMITED SHARE CAPITAL

Overview

The authorized share capital of Enstar Group Limited ("we", "us", or the "Company") consists of: (i) 90,000,000 ordinary shares, par value \$1.00 per share, (ii) 21,000,000 non-voting convertible ordinary shares, par value \$1.00 per share, and (iii) 45,000,000 preference shares, par value \$1.00 per share. All issued and outstanding shares are fully paid and nonassessable. Authorized but unissued preference shares may, subject to any rights attaching to existing shares, be issued at any time and at the discretion of our board of directors without the approval of our shareholders, with such rights, preferences and limitations as the board may determine. The number of ordinary shares, non-voting convertible ordinary shares, and preference shares outstanding from time to time is reported in our annual and quarterly filings with the U.S. Securities and Exchange Commission (the "SEC").

The following description of the Company's share capital and the provisions of its memorandum of association and fourth amended and restated bye-laws are only summaries of their material terms and the provisions relating to our share capital and are qualified by reference to the complete text of the memorandum of association and bye-laws, copies of which are filed with the SEC.

Ordinary Shares

Holders of our ordinary shares have no preemptive, redemption, conversion or sinking fund rights. Subject to the limitation on voting rights described below, holders of our ordinary shares are entitled to one vote per share on all matters submitted to a vote of shareholders. Most matters to be approved by our shareholders require approval by a simple majority vote. Under the Companies Act of 1981 (the "Companies Act"), the holders of at least 75% of our shares voting in person or by proxy at a meeting (including non-voting shares) generally must approve an amalgamation or merger with another company. In addition, the Companies Act provides that a resolution to remove our auditor before the expiration of its term of office must be approved by at least two-thirds of the votes cast at a meeting of our shareholders. The quorum for any meeting of our shareholders is two or more persons present in person throughout the meeting and representing in person or by proxy in excess of 50% of our total issued voting shares.

Our board of directors has the power to approve the Company's discontinuation from Bermuda to another jurisdiction. In accordance with the Companies Act, the rights attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not we are being wound-up, be varied with the consent in writing of the holders of 75% of the issued shares of that class or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of the class at which meeting the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class.

In the event of our liquidation, dissolution or winding-up, the holders of our ordinary shares are entitled to share equally and ratably on a pari passu basis with the non-voting convertible ordinary shares and any participating shares in the surplus of our assets, if any, remaining after the payment of all its debts and liabilities and the liquidation preference of any outstanding preference shares. Holders of our ordinary shares are entitled to such dividends as our board of directors may from time to time declare on a pari passu basis with the non-voting convertible ordinary shares.

Non-Voting Convertible Ordinary Shares

Holders of our non-voting convertible ordinary shares have no pre-emptive, redemption or sinking fund rights and are generally entitled to enjoy all of the rights attaching to ordinary shares, but are not entitled to vote other than in certain limited situations, including the approval of an amalgamation or merger (see "- Ordinary Shares" above). Each non-voting convertible ordinary share shall be automatically converted into one ordinary share, subject to any necessary adjustments for any share splits, dividends, recapitalizations, consolidations or similar transactions occurring in respect of our ordinary shares or our non-voting convertible ordinary shares after the date of the adoption of our bye-laws, immediately prior to any transfer by the registered holder of such non-voting convertible ordinary share, whether or not for value, except for transfers to a nominee or an affiliate of such holder in a transfer that will not result in a change of beneficial ownership (as determined under Rule 13d-3 under the

Securities Exchange Act of 1934, as amended) or to a person or entity that already holds non-voting convertible ordinary shares.

Non-voting convertible ordinary shares are divided into five series: Series A, B, C, D, and E. As of June 17, 2016, only Series C and E were outstanding.

The Series A shares were canceled in an internal reorganization in June 2016.

The Series C shares were originally issued in connection with investment transactions in April and December of 2011. The Series C shares: (i) have all of the economic rights (including dividend rights) attaching to voting ordinary shares but are non-voting except in certain limited circumstances; (ii) will automatically convert at a one-for-one exchange ratio (subject to adjustment for share splits, dividends, recapitalizations, consolidations or similar transactions) into voting ordinary shares if the registered holder transfers them in a widely dispersed offering; (iii) may only vote on certain limited matters that would constitute a variation of class rights and as required under Bermuda law, provided that the aggregate voting power of the Series C shares with respect to any merger, consolidation or amalgamation will not exceed 0.01% of the aggregate voting power of our issued share capital; and (iv) require the registered holders' written consent in order to vary the rights of the shares in a significant and adverse manner.

The Series B and Series D shares were created in connection with investment transactions that closed in 2011, but no shares in these series are issued and outstanding. Holders of the Series C shares have the right to convert such shares, on a share-for-share basis, subject to certain adjustments, into Series D shares at their option. There is no economic difference in Series B, C or D shares, but there are slight differences in the conversion rights and the limited voting rights of each series.

The Series E shares have substantially the same rights as the Series C shares, except that (i) they are convertible only into voting ordinary shares and (ii) they may only vote as required under Bermuda law. The Series E shares include all other non-voting convertible ordinary shares authorized under our bye-laws but not classified as Series A, B, C or D non-voting convertible ordinary shares.

Preference Shares

Pursuant to our bye-laws and Bermuda law, our board of directors by resolution may establish one or more series of preference shares having such number of shares, designations, relative voting rights, dividend rates, redemption or repurchase rights, conversion rights, liquidation and other rights, preferences, powers, and limitations as may be fixed by our board of directors without any further shareholder approval, which if any such preference shares are issued, will include restrictions on voting and transfer intended to avoid having us constitute a "controlled foreign corporation" for United States federal income tax purposes. Such rights, preferences, powers and limitations as may be established could have the effect of discouraging an attempt to obtain control of the Company. The issuance of preference shares could also adversely affect the voting power of the holders of our ordinary shares, deny our shareholders the receipt of a premium on their ordinary shares or non-voting convertible ordinary shares at the end of a tender or other offer for such shares and have a depressive effect on the market price of such shares.

As of June 17, 2016, the only series of preference shares outstanding were the Series C Participating Non-Voting Perpetual Preferred Stock ("Series C Preferred Shares"), all of which are held by one of our wholly-owned subsidiaries. Except as described below, the Series C Preferred Shares, with respect to dividend rights and rights on liquidation, winding up and dissolution, rank on parity with the Company's ordinary voting and non-voting shares, and rank senior to each other class or series of share capital of the Company, unless the terms of any such class or series shall expressly provide otherwise.

Series C Preferred Shares (i) upon liquidation, dissolution or winding up of the Company, entitle their holders to a preference over holders of our ordinary voting and non-voting shares of an amount equal to \$0.001 per share with respect to the surplus assets of the Company and (ii) are non-voting except in certain limited circumstances. Dividends will be paid on the Series C Preferred Shares when, as and if declared on the Company's ordinary voting and non-voting shares in an amount equal to the dividend paid on the Company's ordinary voting and non-voting shares, multiplied by the applicable participation rate. The participation rate is initially set at ten (10), which is generally reflective of the reduction in the number of Series C Preferred Shares issued in exchange for the previously outstanding Series A non-voting convertible ordinary shares. The Series C Preferred Shares are not entitled to dividend or distributions that are related to certain entities in which the Company owns an interest.

Change of Control and Related Provisions of Our Memorandum of Association and Bye-Laws

A number of provisions in our memorandum of association and bye-laws and under Bermuda law may make it more difficult to acquire control of the Company. These provisions may have the effect of delaying, deferring, discouraging, preventing or rendering more difficult a future takeover attempt which is not approved by our board of directors but which individual shareholders may deem to be in their best interests or in which our shareholders may receive a substantial premium for their shares over then current market prices. As a result, those of our shareholders who might desire to participate in such a transaction may not have an opportunity to do so. In addition, these provisions may adversely affect the prevailing market price of our ordinary shares and our non-voting convertible ordinary shares. These provisions are intended to:

- enhance the likelihood of continuity and stability in the composition of our board of directors;
- discourage some types of transactions that may involve an actual or threatened change in control of the Company;
- discourage certain tactics that may be used in proxy fights;
- ensure that our board of directors will have sufficient time to act in what the board believes to be in the best interests of the Company and our shareholders; and
- encourage persons seeking to acquire control of the Company to consult first with our board to negotiate the terms of any proposed business combination or offer.

Limitation on Voting Power of Shares

Holders of our non-voting convertible ordinary shares and Series C Preferred Shares are generally not entitled to vote. Except as provided below, each ordinary share has one vote in connection with matters presented to our shareholders. However, pursuant to a mechanism specified in our bye-laws, the voting rights exercisable by a shareholder may be limited. In any situation in which the "controlled shares" (as defined below) of a U.S. Person or the ordinary shares held by a Direct Foreign Shareholder Group (as defined below) would constitute 9.5% or more of the votes conferred by the issued ordinary shares, the voting rights exercisable by a shareholder with respect to such shares shall be limited so that no U.S. Person or Direct Foreign Shareholder Group is deemed to hold 9.5% or more of the voting power conferred by our ordinary shares (the "9.5% Cut-Back"). The votes that could be cast by a shareholder but for these restrictions will be effectively allocated to our other shareholders pro rata based on the voting power held by such shareholders, provided that: (i) no allocation of any such voting rights may cause a U.S. Person or Direct Foreign Shareholder Group to exceed the 9.5% limitation as a result of such allocation and (ii) the voting power associated with controlled shares held by GSCP (as defined below) and its affiliates must be adjusted in order to ensure that the GSCP voting power is not greater than it would have been had the 9.5% Cut-Back not occurred. In addition, our board of directors may limit a shareholder's voting rights where it deems it necessary to do so to avoid non-de minimis adverse tax, legal or regulatory consequences. "Controlled shares" includes, among other things, all ordinary shares that a U.S. Person owns directly, indirectly or constructively (within the meaning of Section 958 of the Code). A "Direct Foreign Shareholder Group" includes a shareholder or group of commonly controlled shareholders that are not U.S. Persons. "GSCP" includes GSCP VI AIV Navi, Ltd., GSCP VI Offshore Navi, Ltd., GSCP VI Parallel AIV Navi, Ltd. and GSCP VI Employee Navi, Ltd., each a Cayman Islands exempted company, and GSCP VI GmbH Navi, L.P., a Cayman Islands limited partnership.

We also have the authority under our bye-laws to request information from any shareholder for the purpose of determining whether a shareholder's voting rights are to be reallocated pursuant to our bye-laws. If a shareholder fails to respond to a request from the Company for information or submits incomplete or inaccurate information in response to a request by the Company, we may, in our sole discretion, eliminate such shareholder's voting rights.

Under these provisions, certain shareholders may have the right to exercise their voting rights limited to less than one vote per share, while other shareholders may have the right to exercise their voting rights effectively increased to more than one vote per share. Moreover, these provisions could have the effect of reducing the voting power of certain shareholders who would not otherwise be subject to the limitation by virtue of their direct share ownership.

Restrictions on Transfer

Our board of directors may decline to register a transfer of any of our ordinary shares under certain circumstances, including if it has reason to believe that any non-de minimis adverse tax, regulatory or legal consequences to the Company, any of its subsidiaries or any of its shareholders may occur as a result of such transfer. Further, our bye-laws provide the Company with the option to repurchase, or to assign to a third party the

right to purchase, the minimum number of ordinary shares necessary to eliminate any such non-de minimis adverse tax, regulatory or legal consequence. In addition, our board of directors may decline to approve or register a transfer of shares unless all applicable consents, authorizations, permissions or approvals of any governmental body or agency in Bermuda, the United States, or any other applicable jurisdiction required to be obtained prior to such transfer shall have been obtained.

It is our understanding that while the precise form of the restrictions on transfer contained in our bye-laws is untested, as a matter of general principle, restrictions on transfers are enforceable under Bermuda law and are not uncommon. These restrictions on transfer may also have the effect of delaying, deferring or preventing a change in control.

Unissued Shares

Ordinary Shares and Non-Voting Convertible Ordinary Shares

Authorized and unissued ordinary shares and non-voting convertible ordinary shares will be available for future issuance without additional shareholder approval. While the additional shares are not designed to deter or prevent a change of control, under some circumstances we could use the additional shares to create voting impediments or to frustrate persons seeking to effect a takeover or otherwise gain control by, for example, issuing those shares in private placements to purchasers who might side with our board of directors in opposing a hostile takeover bid.

Preference Shares

Our memorandum of association and bye-laws grant our board of directors the authority, without any further vote or action by our shareholders, to issue preference shares in one or more series, and to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions of the shares constituting any series. The existence of authorized but unissued preference shares could reduce our attractiveness as a target for an unsolicited takeover bid since we could, for example, issue preference shares to parties who might oppose such a takeover bid or shares that contain terms the potential acquirer may find unattractive. This may have the effect of delaying or preventing a change in control, may discourage bids for our ordinary shares at a premium over the market price of our ordinary shares, and may adversely affect the market price of, and the voting and other rights of the holders of, our ordinary shares.

Classified Board of Directors, Vacancies and Removal of Directors

Our bye-laws provide that our board of directors will be divided into three classes of even number or nearly even number, with each class elected for staggered three-year terms expiring in successive years. Any effort to obtain control of our board of directors by causing the election of a majority of the board of directors may require more time than would be required without a staggered election structure. Our shareholders may remove directors only for cause and the notice of a meeting of the shareholders convened for the purpose of removing a director is required to contain a statement of the intention to do so and be served on such director not less than fourteen days before the meeting and at such meeting the director is entitled to be heard on the motion for such director's removal. Vacancies (including a vacancy created by increasing the size of the board) in our board of directors may be filled by the shareholders at the meeting at which a director is removed or, in the absence of such election or appointment, by a majority of our directors. Any director elected to fill a vacancy will hold office for the remainder of the full term of the class of directors in which the vacancy occurred (including a vacancy created by increasing the size of the board) and until such director's successor shall have been duly elected and qualified. No decrease in the number of directors will shorten the term of any incumbent director. Our bye-laws provide that the number of directors will be fixed and increased or decreased from time to time by resolution of the board of directors, but the board of directors will at no time consist of fewer than five directors and not more than such maximum number of directors, not exceeding fifteen directors, as the board may from time to time determine. A majority of the board is required to consist of directors who are not residents of the United Kingdom or Switzerland. These provisions may have the effect of slowing or impeding a third party from initiating a proxy contest, making a tender offer or otherwise attempting a change in the membership of our board of directors that would effect a change of control.

Other Bye-Law Provisions

The following provisions are a summary of some of the other important provisions of our bye-laws.

Our bye-laws provide certain aspects concerning corporate governance, including the establishment of share rights, modification of those rights, issuance of share certificates, imposition of a lien over shares in respect of

unpaid amounts on those shares, calls on shares that are not fully paid, forfeiture of shares, the transfer of shares, alterations of capital, the calling and conduct of general meetings, proxies, the appointment and removal of directors, conduct and power of directors, the payment of dividends, the appointment of an auditor and its winding-up.

Our bye-laws may only be amended by both a resolution of our board of directors and a resolution of our shareholders.

Our bye-laws also provide that if our board of directors in its absolute discretion determines that share ownership by any shareholder may result in a *non-de minimis* adverse tax, regulatory or legal consequences to the Company, any of its subsidiaries or any other shareholder, then the Company will have the option, but not the obligation, to repurchase, or to assign to a third party the right to purchase, all or part of the shares held by such shareholder to the extent that our board of directors determines it is necessary to avoid such adverse or potential adverse consequences. The price to be paid for such shares will be the fair market value of such shares.

Our bye-laws provide that if any matters regarding the appointment, removal or remuneration of directors of our subsidiaries are required to be submitted to a vote of such subsidiaries' shareholders, those matters to be voted upon are required also to be submitted to our shareholders, and the shareholders of such subsidiaries are required to vote the subsidiaries' shares in accordance with and in proportion to the vote of our shareholders.